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EEC, Central American Economic Communique

PA0103172289 Tegucigalpa LA TRIBUNA in Spanish 1 Mar 89 pp 6, 7

["Joint Economic Communique" issued by the EEC and signatory countries of the General Integration Treaty of Panama and Central America at the close of the conference on political dialogue and economic cooperation held by the EEC member countries, the Central American states, and the Contadora Group member countries in San Pedro Sula, Honduras on 27-28 February 1989]

[Text] 1. The European Community and the Central American countries are pleased that the political and economic dialogue between the two regions has continued and even expanded; that progress has been achieved through the use of the Luxembourg Agreement; that willingness has been expressed to strengthen economic cooperation in accordance with the Esquipulas agreements signed by the presidents of the region; and most particularly, that progress has been made in "the procedure to achieve a firm and lasting peace in Central America."

2. In this context, both sides are also pleased with the progress achieved by the Central American presidents at the meeting held in El Salvador on 13-14 February, at which time they made an urgent appeal "to the international community to support the process of socioeconomic recovery of the Central American nations, both in the short- and medium-term, taking into account the seriousness of the foreign debt problem and the need for recovery of intrarregional trade as a basic factor for strengthening the integration process."

3. The two sides have also made reference to the support the Community is giving to "the complementary and specific" actions agreed to at the joint ministerial meeting held in Hamburg in February 1988 as a way to respond to the appeal that the Central American countries addressed to the international community with a view to achieving sustained socioeconomic progress based on the priorities set forth in the "Plan for Immediate Action."

The Community and the Central American countries have expressed their satisfaction over the adoption by consensus of UN General Assembly Resolution No 42/231, which lent support to the "Special Economic Cooperation Plan for Central America." The Community has reiterated its determination to support the efforts the Central American countries may make to contribute to the process of regional peace and development. The two sides have emphasized the meetings held at various levels throughout 1988 that allowed the link between economic and social development and democracy, peace, and political stability to be stated.

4. The two sides have noted that, when added to the endemic causes of regional socioeconomic inequality, the troubled situation that still exists in certain parts of the region and the natural disasters that have plagued Central America have only worsened its economic and social situation and have entailed new economic difficulties for the region. Therefore, this situation requires a speedy mobilization of international solidarity as well as greater cooperation among the various Central American countries in order to permit the required support to be lent to various actions to reconstruct the area and to provide the required support to the national measures for economic improvement and the social policy to be adopted by each of those countries in order to make the required structural socioeconomic changes.

5. The Community reiterated that it has been substantially fulfilling its commitment to increase its financial and technical cooperation for Central America, thus supporting the efforts made by the Central American countries to improve the quality of life of their citizens.

For its part, the Central American side expressed its thanks for the amount of EEC cooperation that was approved for the region in 1988, and which for the first time exceeds 100 million ECU's [European Currency Units]. It acknowledged that the EEC's financial and technical cooperation with Central America has been very important and increasing, but that Central America's overall needs are so enormous that they require even greater efforts from the international community to complement the assistance it currently receives.

6. The ministers have confirmed with satisfaction that during 1988, the actions to achieve Central American integration have intensified, and they stressed the high level of coordination achieved by the Central American countries when deciding on the use of the international aid provided to the region as a whole, and more specifically, when implementing the mechanisms of interregional coordiantion adopted at the meeting of Central American vice presidents in September.

7. The EEC is pleased with the positive development of the process of adherence to the GATT by several countries of the region so they can become integrated into the international trade system.

In this regard, it has guaranteed to the Central American side its support in the appropriate bodies when the clauses in the adherence protocols are drawn up.

Both sides have recognized the fundamental importance of the multilateral trade negotiations of the Uruguay round, which are being held within the framework of GATT, and they have taken note of the advanced state of those negotiations, which were the object of discussion in the ministerial meeting held in Montreal between the contracting parties.

The interrelationship among trade, financial, and monetary aspects must be duly borne in mind to resolve the difficulties faced by the indebted countries or those that are heavily dependent on basic products, and the reorganization and improvement of the general balance of the international economy must be encouraged.

8. In the trade area, both sides have reiterated that the EEC's system of general preferences has permitted an increase in the volume of Central American exports that, thanks to this system, have been able to enter the EEC market. This must be systematically continued so as to increase current opportunities. The EEC has reiterated its commitment to facilitate to the countries of the region a greater and better use of the community's system of general preferences.

The EEC and the Central American countries recognized the importance of the growth of exports as an instrument to support economic development. In order to guarantee a stable, and if possible, expanded access to the EEC market, they agreed to study this topic in the joint commission established by the Luxembourg Agreement. They also recognized the importance of increased cooperation between the two regions in order to diversify exports by improving competiteveness and promoting European investment in such products.

The EEC stated it is willing to make unilateral decisions in the area of the reduction of tariffs in an autonomous way, even before the negotiations conclude within the framework of the Uruguay round on specific tropical products that interest the Central American countries.

The Central American ministers took note of the advances that are taking place in the implementation of the Single Document [Acta Unica] to achieve the unification of the European Market in 1992, and they expressed their interest in exchanging information in this regard.

9. While the EEC and Central American nations have employed the same tone used in the San Jose III and IV economic communiques, they have noted the EEC's determination to grant permanent and special attention to Central America's problems and to the changes that have negatively affected the volume of its income from the export of basic products.

The EEC has stated its willingness to study the development of this situation within the framework of the Joint Commission, with a view to eventually proposing recommendations.

10. After acknowledging the region-wide development plan's positive effects on the consolidation of the Central American integration process, the two sides underscored the plan's priority status, and reaffirmed that Central America will continue to receive considerable aid as stated in the EEC's pledge in the Luxemburg Agreement.

The two sides have agreed on the need to support Central American institutions, consolidate relations between the region's countries, and to strengthen the economic integration process. The EEC has pledged to contribute to those objectives through adequate cooperation with the BCIE [Central American Bank of Economic Integration], SIECA [Secretariat of Central American Economic Integration], the CMCA [Central American Common Market], and other regional institutions.

In addition to supporting regional financial organizations, the Central American countries have pledged to adopt the necessary measures to preserve and strengthen these organizations as efficient integration and development tools.

Both sides reiterated that resources in the form of financial and technical aid granted by the EEC through regional institutions must be distributed, without any exclusions whatsoever, in accordance with each country's specific needs and with the objective of achieving balanced development in the region.

11. The two sides have underlined that Central America's foreign debt service, which has hindered the region's growth, has continued to be a serious burden. The ministers said this issue must be resolved with the participation of all parties involved, especially creditor countries, debtors, multilateral financial institutions, and international private banks, considering the need there is to guarantee economic, social, and political growth in Central America. The two sides have agreed to continue the search for solutions.

12. In accordance with the pledges made in Hamburg, the EEC has intensified its cooperation in areas the Central American countries consider priorities. It has thus guaranteed the application of various basic elements of the "Special Economic Cooperation Plan for Central America," which are also included in the "Plan for Immediate Action" that the countries of Central America presented to the international community.

The EEC has confirmed its pledge to continue participating in specific efforts to promote the region's resurgence and economic development in accordance with the priorities established in the United Nations plan. To achieve this objective, the EEC and Central American countries will jointly establish priorities, while guaranteeing that the necessary coordination will be established worldwide with other countries and organizations.

The EEC and Central American countries have admitted that the Luxemburg Agreement and its instruments are an adequate base upon which to define the application of future actions that will be supported by the EEC, especially regarding their participation in specific parts of the "Plan for Immediate Action" and the "Special Economic Cooperation Plan for Central America."

13. The two sides are pleased with the sound development of the projects and programs currently being implemented with financial assistance from the EEC and its member states. These activities particularly refer to securing food supplies, health, promoting cooperatives, exploiting fishing resources, promoting development of

small- and medium-sized enterprises, diversifying exports, training human resources, and cooperating among scientific centers in the two regions.

The two sides are pleased to note that new projects are scheduled to be implemented soon, such as integrated rural development in border areas, strengthening of the Central American Organization for Services to Air Navigation [Organizacion Centroamericana de Servicios de Navegacion Aerea] (COCESNA), interuniversity cooperation, promotion of trade between Panama and the other countries on the isthmus, drafting an overall program for intergrated regional tourism development, and agricultural research as an element of the program to secure food supplies.

14. The EEC and the countries on the isthmus have underlined the importance of safeguarding the region's environment to guarantee lasting development and have agreed this concern must be adequately reflected through the various cooperation efforts. In this regard, they hailed the creation by the Central American presidents during the meeting held in El Salvador, of the Central American Commission for the Environment and Development [Comision Centroamericana de Ambiente y Desarrollo]. For its part, the EEC has stated it is prepared to support the efforts of the countries on the isthmus to integrate the environment issue into economic planning as an element of global strategy. Within this context, it also expressed its readiness to study and consider the implementation of projects and other efforts for ecological recovery, improvement, and development.

The EEC and the countries on the isthmus have expressed their satisfaction over the proposal for continued cooperation in such areas as scientific and technological development, energy development, and the financing of elementary training campaigns and regional tourist projects.

The two sides have reiterated the importance of the participation by women, with equal rights and responsibilities, in the development processes of the countries on the isthmus.

15. Bearing in mind the importance the countries on the Central American isthmus attach to the agricultural sector within the framework of regional strategy and the strengthening of the integration process, the two sides have agreed to step up relations and cooperation between the EEC and Central American agricultural organizations.

16. The two sides have stressed the importance of a pragmatic approach to industrial cooperation—which would be in addition to that in other areas, particularly in the commercial, financial, and technical areas—to contribute even further to a strengthening of the Central American integration process as an essential element for the region's economic development.

The two sides have agreed to jointly review at the next meeting of the Mixed Commission [Comision Mixta] a plan of action for EEC-Central American industrial cooperation in harmony with the guidelines of the UN special plan for economic cooperation with the region, a plan supported by the EEC.

17. The ministers are pleased about fulfillment of the operations sponsored by the EEC and its member states and the voluntary return of refugees or displaced individuals to their countries or places of origin in accordance with international law on humanitarian affairs and with the criteria established at the Hamburg meeting in 1988. The two sides have agreed to permanently ensure the fulfillment of those criteria.

The EEC and some of its member states have announced that they will financially support the preparation of works that will be presented at the international conference on Central American refugees, which will be held in May 1989 in Guatemala with the EEC in attendance. The EEC has also expressed its willingness to take note of the recommendations and plans that may emerge from this meeting and to consider the possibility of supporting them.

18. The Central American nations thanked the EEC, which, in accordance with its Hamburg pledges, responded immediately to the region's requests for food contributions. That aid more than doubled between 1987 and 1988 because of the drought, irregular rains, and natural disasters that have recently affected the region. The Central American countries say it is necessary to continue this support, and they agree there is a pressing need to create a "reserve for food operations in Central America," as established in the San Jose III joint economic communique.

19. All sides have reaffirmed the importance they give the creation of an elected Central American parliament. The EEC has reiterated that it is willing, in close collaboration with the European Parliament, to make specific contributions in the various phases of the elections' technical and material organization.

The EEC has already financed measures for the creation of and to publicize this topic.

20. The ministers of the countries of the isthmus have reiterated their concern that the European Investment Bank extend its activities to the countries in the area. The EEC has taken due note of this interest.

21. Both sides stressed the support requested of the EEC by the Central American presidents at the meeting in El Salvador on 13-14 February, to carry out an isthmus integration program of economic restructuring, reactivation, and strengthening. This request for support had been officialy presented to the EEC in Guatemala on 26 January as an essential element toward contributing to the area's peace and economic stability. In this context, the countries of the Central American isthmus request

technical and financial resources to establish a program that will reduce the main financial restrictions that intraregional exchanges suffer. These resources will increase the region's community cooperation. The program encompasses the following elements:

I. Reorganization of the regional payments system and the establishment of a special mechanism favoring intraregional export enterprises.

II. The establishment of a special mechanism for countries with chronic intraregional trade deficits and low relative development.

III. The strengthening of the Central American Bank of Economic Integration [BCIE] so it can support the region's economic reactivation and development processes.

22. The EEC has taken note that the countries of the Central American isthmus have requested the reactivation of intraregional trade.

The EEC has expressed its satisfaction over the presentation of this project, the goals of which respond to the common interests that have emerged from joint communiques from previous ministers' meetings. The EEC has recognized the Central American side has made a considerable political effort, confirmed at a meeting of presidents on 13-14 February 1989, to reach a common position over a definite project that confirms the Central American willingness to reactivate economic integration to strengthen the region's peace process.

Therefore, the EEC is committed to continue, without any delay whatsoever and with a constructive spirit, the examination of the Central American project, to define—based on this joint project—the modes needed for executing a program that would lay down the basis for an accelerated regional integration and an increase in the level of trade between the countries of the isthmus, to which a special effort will be made starting this year.

As far as the BCIE is concerned, and in step with the beginning of its institutional reconstruction and strengthening, EEC member states that wish to take part in increasing their capital should adopt the required steps to do so. Agreements should be established to guarantee the participation of these member states in the bank's work.

Issue Political Declaration

PA0103231389 Tegucigalpa LA TRIBUNA in Spanish 1 Mar 89 pp 8, 9

["Joint political declaration" issued by the ministers of the countries of Central America, the EC, and the Contadora Group on political dialogue and economic cooperation held 27-28 February in San Pedro Sula, Honduras]

[Text] 1. The fifth ministers conference, held by the countries of Central America, the EC, and the Contadora Group, discussed political dialogue and cooperation for the Central American isthmus. This fifth meeting was held on 27-28 February 1989 in San Pedro Sula, Honduras. The first of such meetings was held in Costa Rica in 1984, and annual metings have continued to take place ever since.

2. Participants in the conference:
For Central America
For the EC
For the Contadora Group countries
Secretariat of Central American Economic Integration (SIECA)

3. The participants carefully examined all issues of mutual interest, within the context of dialogue and cooperation that both regions had previously established. They paid special attention to the current situation in Central America and the positive evolution of the peace process. They stressed, with great satisfaction, that the San Pedro Sula conference occurred at an especially encouraging time, in which all Central American presidents have agreed to renew and sustain their efforts toward intensifying the process of dialogue and negotiation that will contribute to achieving a lasting peace, authentic democratic processes characterized by pluralism and participation, a respect for international law, and regional stability and socioeconomic development.

In this regard, the participants discussed the five Central American presidents' commitment to proceed toward fully complying, without further delay, with the stipulations of the Esquipulas II agreement and the Alajuela and El Salvador declarations.

4. The EC and the Contadora Group ministers reaffirmed their governments' commitment and desire to continue actively supporting the efforts being made by the Central American countries in the framework of the Guatemala Procedure and reaffirmed the importance of intensifying the economic cooperation between the EC and Central America to strengthen the region's economic integration and support its economic development and social progress for the benefit of greater political stability.

The EC and its member states agreed to positively support, according to the terms defined in the economic declaration of this conference, the request made by the five Central American presidents at the El Salvador summit relative to the restructuring, reactivation, and strengthening program of the region's economic integration.

The Contadora Group ministers emphasized that the international community's economic support is indispensable in this new stage of the peace process, and in this respect, promised the support of their governments.

5. The Central American and EC ministers expressed their recognition of the Permanent Procedure of Political Consultation and Concertation, because of the constant concern for the Central American crisis and its reaffirmed resolution to support and participate in the region's economic recovery programs, as expressed by the Group of

Eight heads of state at their summit meetings in Acapulco and Punta del Este. In this respect, the heads of state urged the member countries of the Procedure to continue their cooperation efforts in the region.

6. The EC and Contadora Group ministers deemed it extremely encouraging that despite the difficulties and problems the Central American governments have encountered, these governments are determined to consolidate and expand the achievements made so far and to continue striving for peace, democracy, security, and economic and social development, in a spirit of dialogue and cooperation..

7. The ministers agreed that the best available option to achieve a lasting solution to the Central American crisis is full compliance with the Esquipulas agreement. They also noted the need to respect international law and the UN and OAS Charters.

8. The ministers reaffirmed their support for the peoples' right to full participation in truly democratic political processes.

They also stressed the importance of democratic processes that are authentic and pluralistic and that entail the advancement of social justice, respect for human rights, sovereignty, territorial integrity of nations, and the right of each people to freely choose, without any kind of foreign meddling, their own economic, political, and social model.

9. The ministers also agreed, in keeping with the Esquipulas agreement, that internal dialogues must be actively encouraged—within the framework of national reconciliation—to establish or improve a true and pluralistic democracy, which includes the furthering of social justice, and to guarantee total and effective respect for human rights, all civil and political freedoms, and economic, social, and cultural rights.

In this respect, the EC and the Contadora Group ministers vehemently urged all sides in those Central American countries that are currently feeling the impact of actions by insurgent and rebel groups to reach cease-fire agreements through the implementation of actions that may be necessary to reach an effective cease-fire within a constitutional framework.

In addition, the participants called on all sectors, rebel groups, and insurgent forces that operate in this area to join the constitutional political process of their respective countries. They also called on all Salvadoran groups to participate in the upcoming elections.

10. The participants welcomed and supported Salvadoran President Jose Napoleon Duarte's willingness, expressed in his 26 February proposal, to meet with the FMLN in the presence of all political parties—in reply to the Oaxtepec agreement of 21 February—to contribute to the efforts to achieve a definitive peace in the country. Those efforts fall within the framework of the pledges contained in the Esquipulas II agreement to take every step necessary to achieve a definitive cease-fire within a constitutional framework.

11. The ministers acknowledged that the heavy burden of servicing the foreign debt adversely affects the area countries' political, economic, and social development. They reiterated all sides involved must contribute to solve the problem. They agreed that greater international cooperation and improved access for Central American products to the international market would be beneficial and would have a positive impact on the region's economic, social, and cultural fields, and its political stability.

12. The participants expressed their great satisfaction for the extremely important results of the fourth summit meeting held in El Salvador 13-14 February, which showed the unyielding commitment of the five Central American presidents to exert themselves without delay and work for the establishment of a stable and lasting peace in the region.

The participants praised the commitment made by the presidents to make the necessary decisions to implement the peace process with the understanding that the agreements reached within the framework of Esquipulas II and the Alajuela Declaration constitute an indivisible whole.

The participants also stressed the importance of the Nicaraguan Government's disposition and measures announced in the El Salvador Declaration, in which the Nicaraguan Government stated its willingness to conduct a process of democratization and national reconciliation within the framework of the Esquipulas II agreements, including holding elections no later than 25 February 1990. In this context, the EC and the Contadora Group ministers supported the call made by the Central American presidents for the participation of Nicaraguan political parties in the electoral process.

21. Participants in the San Pedro Sula conference expressed satisfaction with the results of the dialogue and decided to meet in Europe next year, as required by the rule governing alternation.

22. The ministers expressed gratitude to Honduran President Jose Azcona Hoyo, whose invitation led to the conference. They also thanked the people and Government of Honduras and the San Pedro Sula for their excellent hospitality and expressed appreciation for the perfect organization of the conference.

San Pedro Sula, 28 February 1989

The participants also recalled with satisfaction the commitment made by the five Central American presidents to draft, within a 90-day period, a joint plan for the voluntary demobilization, repatriation, or relocation of the Nicaraguan Resistance [RN] members and their families.

13. The ministers were also pleased with the important evolution of the talks held by the executive commission, which will allow for the establishment of efficient procedures for the verification, supervision, and follow-up of the agreements reached in the Esquipulas II accords.

The ministers were pleased with the request made to the UN secretary general for the creation of the procedure for the on-site verification of the agreements to prevent the use of one's territory to carry out acts of aggression against other countries and to suspend aid to insurgent forces or rebel movements. They praised the decision made by the Central American presidents to have the executive commission immediately promote technical meetings for such purposes, according to the talks held in New York with the UN secretary general.

The ministers especially emphasized that two EC members—Spain and the FRG—had been chosen along with Canada, a Latin American representative, and the OAS secretary general to participate in the procedure.

In this regard, the EC ministers reiterated their countries' willingness to positively respond as far as possible, if formally invited by all the Central American governments, to participate in such procedures.

The EC and Contadora Group ministers also praised the decision made by the Central American presidents to reassert the authority of the national reconciliation commissions to continue carrying out their specific duties in the framework of the Esquipulas II agreements and the Alajuela Declaration.

14. The ministers reiterated they are fully convinced of the need for an authentic contribution by all countries with links and interests in the region that would encourage creation of the necessary conditions to achieve long-lasting peace and democracy and attain economic development in Central America.

In this respect, the ministers strongly reiterated the request made on No 5 of the Esquipulas II agreement—that governments inside and outside the region openly or covertly providing aid to insurgent movements or forces in the area immediately cease that aid, excluding humanitarian aid according to the purposes expressed by the Central American presidents in the El Salvador Declaration.

The ministers also noted the importance of preventing the use of countries' territory by people, organizations, or groups attempting to destabilize governments in Central American countries.

They also emphasized the urgent need to attain specific agreements on the negotiations regarding security, verification, control, and limitation of weapons, as established in the Guatemala agreement.

15. The participants at the meeting agreed on the benefits of ratifying the treaty establishing the Central American parliament so direct elections are held as provided in this treaty.

In this respect, they reiterated elections should be free and honest, with the presence of international observers, and based on the treaty establishing the Central American parliament and No 4 of the Esquipulas II agreement. The aforementioned process would favor true ideological pluralism and would guarantee greater participation of all political parties, which would help strengthen the democratization process in Central America, consolidate peace, and promote regional integration in Central America.

16. The EC and the Contadora Group reiterated their commitment to provide total support for the establishment and operation of the Central American parliament. In this regard, the EC ministers referred to the European Parliament's commitment to cooperate in the establishment and operation of the Central American parliament.

17. The participants agreed the critical Central American socioeconomic problems, worsened by natural disasters, are of serious concern.

In this sense, the EC and Contadora Group ministers reiterated their desire to strengthen their cooperation with the countries in the region and support them with specific actions in their efforts to achieve quick and steady development.

The EC ministers also reaffirmed their plans to contribute to the attainment of the goals and objectives of the Special Economic Cooperation Plan for Central America as a way to support the efforts conducted within the framework of the Esquipulas II agreement.

18. The ministers noted the importance of providing full support to the International Conference on Central American Refugees that will be held in Guatemala in May 1989. In this respect, the European delegation announced its decision to participate in that conference.

19. The ministers welcomed the Central American presidents' decision to create the Central American Environmental and Development Commission as a regional cooperation procedure for the optimum and rational use of natural resources in the area, control against pollution, and establishment of ecological balance.

20. In addition, the ministers expressed satisfaction with the Central American presidents' decision to create an executive commission to draft a regional cooperation plan to eradicate illegal drug trafficking.

21. Participants in the San Pedro Sula conference expressed satisfaction with the results of the dialogue and decided to meet in Europe next year, as required by the rule governing alternation.

22. The ministers expressed gratitude to Honduran President Jose Azcona Hoyo, whose invitation led to the conference. They also thanked the people and Government of Honduras and the San Pedro Sula for their excellent hospitality and expressed appreciation for the perfect organization of the conference.

San Pedro Sula, 28 February 1989

Cuba

Vice Foreign Minister Addresses UNHRC

FL0103130489 Havana Radio Progreso Network in Spanish 1200 GMT 1 Mar 89

[Text] Cuba will only explain its Constitution to the Cuban people who approved it.

This statement was made yesterday by Cuban Vice Foreign Minister Raul Roa upon speaking before the UN Human Rights Commission in Geneva. This was Roa's response to an unusual speech given by the British representative in which he practically questioned the legitimacy of the Cuban magna carta. The British speech coincided in very precise terms with the speech given by the U.S. representative and, to a certain degree, with speeches given by representatives from other Western countries.

Roa accused Great Britain of being a colonialist power, of having victimized millions of people with its imperialism, and of not respecting human rights in Northern Ireland.

In reference to the United States, Roa said that the U.S. Government does not have the moral authority to try and accuse Cuba of human rights violations. The Cuban vice foreign minister also rejected a statement made by U.S. President George Bush which was circulated among the commission members.

In his note, Bush demanded that pressure be maintained against Cuba so that the monitoring of the human rights situation can proceed. Roa recalled that it was the Cuban Government that invited the UN group to observe human rights here. He observed that this visit was an unprecedented gesture because it accepted the scrutiny of its Constitution, as well as its Cuban laws.

He said that Bush's terminology is appropriate to the era of the gunboats [epoca de las canoneras]. He said that Cuba is not unwilling to hold talks but it rejects any type of pressure.

In conclusion, the Cuban vice foreign minister said that if eight U.S. administrations were unable to make Cuba yield in the past, the ninth administration will also not be able to make it yield.

Claims U.S. 'Political Vendetta'

FL0103171189 Havana Tele-Rebelde Network in Spanish 1448 GMT 1 Mar 89

[Telephone report from "Hot Off the Press" section of "Morning Magazine" by Orlando Contreras from the Palace of Nations in Geneva—live]

[Text] Raul Roa Kouri, head of the Cuban delegation, spoke a few minutes ago to state our country's position on the subject that is being discussed—the report of the UN Human Rights Commission group that visited Cuba last September at the explicit invitation of our government.

Raul Roa Kouri said: The United States is waging a political vendetta against my country; however, it has not been able to make the country yield or humble itself with any of their measures. Upon analyzing part of the report, the head of the Cuban delegation also said that it does not constitute or prove the existence of violations of human rights in his country. He added, no effort was made to prove what was said, nor was there medical documentation to verify the allegations of torture or mistreatment. Several (?cables) were transcribed the way they were received and submitted for the consideration of the commission.

Later on, the head of the Cuban delegation said that, during the debate, several speakers—all U.S. allies—expressed the need to designate special speakers, investigative committees, ad hoc work groups, etc to achieve the goals already mentioned. In other words—and this is a quote I make on the side—those goals are the goals of the United States. We refuse the proposals, since they are corrupted (?to the core), Roa said. Then he asked, would any of the proponents be ready to do what Cuba did? Would any of them have the political and moral courage to invite a group, like the one headed by Ambassador Alioune Sene, to observe the human rights situation in their own prisons, or in their countries? If they had it, then they would really render an invaluable service to the cause of the universal declaration. Finally, speaking to the plenum, the head of the Cuban delegation said: With pride, we can say that we do not feel beneath any other country with regard to what our country has to offer in human rights. Also, no one is more willing than we to solve the deficiencies that may result in some areas of our prison systems, and in accidental circumstances of our institutional process. It is with that spirit that we attended the debate, and with that same spirit we have examined its results.

I repeat, then, to the whole Caliente audience, that Cuba's position, expressed this morning by Raul Roa Kouri is: We will not accept any imposition. We will not allow our sovereignty to be harmed. Therefore, we refuse the imposition of an investigation—either by the UN Human Rights Commission or by the group that was invited last year. However, on a basis of equal and mutual respect and in circumstances that do not violate or harm our sovereignty, we are willing to maintain a spirit of concerted effort, cooperation, and dialogue.

Further on Raul Roa Kouri Speech

FL0103203189 Havana Radio Rebelde Network in Spanish 1818 GMT 1 Mar 89

[Speech by Raul Roa Kouri, vice foreign minister and head of the delegation to the 40th session of the UN Human Rights Commission, UNHRC, in Geneva, date not given—recorded]

[Text] Please allow me to say a few final words to summarize Cuba's position on the commission's opinion of the report and on the report itself.

First of all, it is necessary to reiterate our deepest conviction that the report the group presented for our consideration does not verify or prove the existence of violations of human rights in my country. On the contrary, the report only includes the statements of a group of people who met individually with the group and filled out forms that they turned in to the secretariat. No effort was made—maybe it was not foreseen—to prove the veracity of what was said, nor was there any medical documentation to verify the allegations of torture or mistreatment. The forms were transcribed the way they were received, and submitted for the consideration of this commission.

Of course, the UN Human Rights Commission is not a tribunal. If it were, none of those accusations—and I say that in quotes—would be admissible as evidence. We also know how some of these accusations are fabricated. There is an individual present in this room who pretended to be an invalid and a poet when he was a prisoner in Cuba. The envoy of the president of the Republic of France, who had been moved by his story, had to admit his decision in a book published 1 year ago, [name indistinct], when he proved the unquestionable reality: He was neither an invalid nor a poet, as you can see for yourselves.

In reality, Mr President, this exercise is no more than a political vendetta by the U.S. Government against my country; however, it has not been able to make the country yield or humble itself with any of its measures. From the beginning of the session, even before, the U.S. representatives have tried to shape the result of this debate. On 30 January 1989, for example, the Assistant Secretary of State, Mr Richard S. Williamson said in the INTERNATIONAL HERALD TRIBUNE, and I quote him:

It is hoped that the report of the UN Human Rights Commission shows that the Cuban Government actually deprives its citizens of the most basic human rights contained in the universal declaration. A crucial test for the UN Human Rights Commission will be whether or not it will continue its scrutiny in Cuba. Finally, he threatens: If the United Nations shows its inability to act, its credibility will be damaged, maybe, in an irreparable way.

The head of the U.S. delegation to this commission said in a 24 February news conference: There is no reason not to continue the mandate of the group that visited Cuba. We want a serious report and discussion and we want a continuation of the process. A continuation of the mandate is the position of the United States, unquote.

They did not even attempt to hide the true objective of their anti-Cuban campaign: to place us on the same level with several of its closest allies. I am refering to racist South Africa; Israel which occupies Arab territories; Chile; and El Salvador, whose policies are characterized by the systematic and brutal violation of its peoples' human rights; and in the first two cases, even the violation of other peoples' rights. Not only is this wicked, but it lacks all seriousness and basis. Actually, it merely shows the purely political nature and goals of its vendetta against the Cuban revolution. During the debate, several speakers—all U.S. allies—have indicated the need to designate special reporters, investigative committees, ad hoc work groups, etc. with the purpose to attain the goals already mentioned. We refuse said proposals, since they are corrupted (?to the core).

Would any of the proponents, I wonder, be ready to do what Cuba did? Would any of them have the political and moral courage to invite a group, like the one headed by distinguished Ambassador Alioune Sene, to observe the human rights situation in their own prisons, or country? If they had it, then they would really render an invaluable service to the cause of the universal declaration.

It has also been repeatedly said that we should submit the Constitution adopted freely by our people to an examination unprecedented in history. Those who demand this seem to forget that there is something called national sovereignty, which they now want to dissolve solely because of convenience. Cuba struggled hard for 100 years to acquire its national sovereignty and it is not willing to surrender it. As I said yesterday, it is not a matter of hiding behind sovereignty to justify practices that violate human rights inasmuch as this is not the case in my country.

Nevertheless, regarding the arrogant attitude—I would say even Victorian—of a representative, who sets himself as god of Sinai, and attempts to tell us who the good and the bad ones are and demands that we fulfill unusual commandments, I reiterate to this commission that the Cuban Government is only willing to render an account about its Magna Charta to the people that adopted it and no one else.

Mr President, some delegations have expressed concerns, which we consider honest, about certain cases of a humanitarian or other nature. I should say that the solution of such cases should be found in cooperation with the Cuban Government through dialogue and understanding and not as an imposition, which in any case, would be illegal and ineffective because we would not accept it. We responded extensively yesterday to the fundamental matters included in the report or expressed during the debate.

I would like to especially refer again to the migration matters which are the bulk—75.7 percent—of the problems presented to the mission to inform you that despite the existing (?limitations) referred to in the body of the report, which are for the most part a result of the historic-political framework of the clash with imperialism in every field, some 21,000 people emigrated from Cuba in 1988. Our policy, as it was expressed to the group by our highest authorities, is to not place obstacles to the legal emigration of people who do not fall under the exception categories. Emigration of people falling under these exception categories is not blocked in a permanent way either.

The Cuban delegation feels especially proud of having contributed to the international assessment of the human rights situation in the world by establishing the precedent of inviting a mission from the commission to observe the human rights situation in Cuba. We are also pleased with the fact that the group was able to carry out properly the goal assigned by the commission with the close and continuous cooperation of my government. We proudly maintain that we do not feel we are at a lower level than any other country regarding human rights and nobody else is more willing to solve the deficiencies that could be present in some areas of our prison system and accidental circumstances in our institutional process. We attended the debate with this spirit and we have examined its results with the same spirit.

We are willing to analyze objectively the points noted by the commission in its report. We also receive as a valuable contribution the objective observation we have heard on the part of members of the commission or during the course of the analysis of said document. We will not refuse to study these elements and take them into account in the exercise and enjoyment of human rights in our country. Naturally, we exclude malicious references. We do not want to consider them because they do not form part of this debate. This is, Mr President, Messrs Delegates, Cuba's position. Thank you very much.

Financing for Namibia Transition Group Approved

FL0103163789 Havana Radio Reloj Network in Spanish 1502 GMT 1 Mar 89

[Text] The Fifth Commission of Administrative and Budgetary Affairs of the UN General Assembly has approved by consensus the draft resolution on the financing of the UN Assistance Group for the Transition Period [UNTAG] in Namibia. The resolution allows for the funding of $416 million and is based on the deployment of 4,650 soldiers and officials in Namibia.

The UN secretary general will take all the necessary measures to best organize supply sources and to guarantee the thrift and efficiency of the forces that will control the plan for Namibia's independence.

The UN forces will maintain vigilance over the conditions that will allow the people of Namibia to freely participate, without intimidation, in elections under the observation and control of the international body.

Haiti

Strife Within MOP Political Party Examined

FL0103195889 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 28 Feb 89

[Excerpts] Nothing is clear yet within the political party MOP [Movement for the Organization of the Country]. There was reaction yesterday from former MOP Vice President Marc Guillaume to the statements made by [MOP President] Gerard Philippe Auguste on Saturday in an interview with Radio Soleil.

Guillaume said that the elections to be held within the party cannot possibly be credible, and that neither he nor the other members of the MOP who are protesting within the MOP will participate in anything.

After agronomist Gerard Philippe Auguste set forth his position on the division that exists today within the MOP, today the party's former vice president, who is a member of the opposition within the MOP, went on the offensive. Marc Guillaume says that when those who disagree with the MOP's president created, last 24 February, a provisional committee while awaiting the installation of a different definitive bureau, they did not do so out of a desire to form another party. Guillaume says he cannot understand how certain people could say at the MOP bureau that they were not aware that their names were on the list, for they shared the others' position.

Guillaume says that they are not contesting Auguste because he participated in the 17 January 1988 elections or the Manigat government. The political bureau agreed to this, because such participation was a political strategy aimed at taking power. However, since they failed to obtain the results they wanted, and in view of the Haitian people's reproaches because of that, they should be forced to step aside in order to reestablish confidence within the party.

Guillaume says he was not out to hand the party over to Duvalierists. However, he is indeed in favor of opening the party to other people who are sympathetic toward the MOP and Professor Daniel Fignole.

Guillaume announces that the opposition within the MOP will not participate in the party elections of next 13 May, because the people organizing those elections are not credible.

[Begin recording] [Passage omitted] [Unidentified reporter] Mr Guillaume, Mr Auguste also has some reproaches to make. He accuses you people of wanting to divert the party line and throw the party into the hands of macoutes, of Duvalierists—and he even mentions, for example, Mr Alix Cineas and Serges Petit, saying that you are connected with these men.

[Guillaume] I find that to be a really strong statement, and one unworthy of someone who claims to be the successor of Daniel Fignole. I am not new to the MOP. I was coleader of the party representation here in Haiti when the party was clandestine. This means that I was working together with (Fernand Tenor) back in 1978, clandestinely—at a time when it was indeed difficult, dangerous, for a man struggling for the MOP. Yet I was there, out in the field.

I am a civil servant. I get along with everyone, and despite everything, this did not stop me from doing the work of the MOP. In all the rural sections through which I passed, I formed community activities. Those people are working according to Daniel Fignole's thought—building schools, dispensaries, and roads; collecting water; building control canals on the hills; reforesting; and building irrigation canals to water plants the way Daniel Fignole asked, in order to bring the population into the greater society.

During all this time that I was doing this work, we were telling the people—certain leaders, certain authorities, of course.... [changes thought] We made them understand that the work they were doing fell within the line of Daniel Fignole's thought.

For all that time I did that kind of work and during the 3 years that I have been working with Gerard Philippe Auguste, we have continued to do this kind of work. I took Auguste everywhere in Haiti, introducing him to people—and nobody ever called me a macoute.

Then, when on 7 January at the general assembly I asked that there be a change, that we form a provisional committee because the Haitian people reproached the current committee over the fact that it had participated in the 17 January elections and in the Manigat government, all of a sudden I hear myself labeled a macoute. This is sad! [passage omitted]

Now, as to what you were told about Alix Cineas, he [Auguste] also told you, in the interview he granted you, that he had a cassette with which he could prove that I had said that Alix Cineas was a friend of mine. Well, I have lots and lots of friends in Haiti. I have human relationships, friendly relations, with many many people in Haiti. And I contact all political leaders, for I myself am a democrat. However, I think that every political leader that I contact respects my doctrinal line, my ideology.

The reason I mentioned Alix Cineas' name at the assembly is because I myself am asking, within the MOP, that the party framework [kad pati a] be expanded, because there are a bunch of people who were MOP people in 1957 and 1946 who followed Daniel Fignole during his 29 years of exile. These people are perhaps scattered all over the place. Daniel Fignole returned, but he did not last long. He died. And these people are people who, indeed, have affinities with the MOP but who have never actually managed to approach the party. I said that we should go and see these people.

That is why, when the problem of replacing Gerard Philippe Auguste's came up and was being discussed, I said that there were people who were not members of the MOP who could serve the MOP well if they were in the MOP. That is how I came to talk about engineer Pierre Petit. My excuses to these people for naming them over the radio when they are people I have never contacted in this connection, but.... [changes thought] I talked about engineer Pierre Petit; about Dr Jacques Innocent; about Dr Moliere, who is a party member; about Papi Djo [not further identified]; and about Jean-Claude Fignole—and I could have given 50 more names of people who, if they were to join the MOP, would be useful members.

Now, I reproach Auguste and his followers, just because I mentioned these people... [changes thought] and it was never a proposal. I never came to the assembly to propose those people. I mentioned them in the context of a political analysis I was making with certain members of the MOP. For example, there are a number of leaders currently on the scene.... [changes thought] I'm really sorry that they are not members of the MOP, because they are men with charisma in the society, and I would be happy if they were members of the MOP. Those people would remind me somewhat of Daniel Fignole.

Now, regarding Alix Cineas—how did I come to mention him? He came up because when I named the first five people whom I said it would be nice to have join the MOP if they had no objections, because they would be useful to the MOP, I said that it was dishonest of certain MOP leaders to, instead of exploiting my idea, instead of sticking to the essence of the matter, try to twist it, saying that we want to introduce Duvalierists into the party. And then I said that even if Alix Cineas were to become a presidential candidate—or even president of the Republic—he would never ask me, Marc Guillaume, to take a political position in his favor, because he has known for a long time what my political position is. He knows that I follow the MOP's line and that there is nothing that can divert me from this line. [passage omitted]

I am one of the people who can say that he has benefited from what Daniel Fignole always advocated: bringing the basic elements of this society into the greater society. And if I myself have thus emerged, I feel I can't go anywhere else. I have to be a member of the MOP, and I have to struggle, to work, so that I can help the people who were in my same position, through the organizations we are setting in place to allow them too to emerge. [passage omitted]

[Reporter] You said that it was by chance that Gerard Philippe Auguste did not become president. Can you explain that sentence?

[Guillaume] I mean, in the days just before the 17 January elections... [changes thought] before that, everyone knew that it was Auguste who would be president.

[Reporter] So that means that deals were being cut? In other words, according to what you are saying, if they [words indistinct] beat Manigat, it would be Philippe Auguste?

[Guillaume] Well, according to what was being said in the streets, and according to the contestations that occurred against Gerard Philippe Auguste it would. That

is essentially why people reproach Auguste. And that is what surprises me when I hear Auguste attacking me, Marc Guillaume, over the radio, saying that I am a macoute. It's a sorry affair!

[Reporter] Do you agree that there were a number of comings and goings, negotiations, with the government, under Namphy's CNG [National Government Council], with a view to putting Auguste in Manigat's place? Was there some kind of (?duality), some kind of doubt, at the top of the government regarding Manigat and Auguste?

[Guillaume] Well, I think that many political leaders contacted the government in power back then. These things happen in politics. [laughs] I'll tell you that we of the MOP have this principle that there are certain internal party matters that we really don't like to make public.

[Reporter] OK.

[Guillaume] Despite what I could call the serious (?mistakes) that Gerard Philippe Auguste committed... [changes thougt] (?he will perhaps say things) that might make anyone who does not place the party's interests first, act like himself.... [changes thought] It is because we place the party's interests first that we do not act like him. [passage omitted]

Auguste knows what we ourselves represent in the MOP. [passage omitted] We did not come to obtain anything from the MOP—because we are the president of one of the biggest peasant organizations in Haiti, an organization that has 103,824 members and that is very (?soon) going to spread throughout Haiti.

[Reporter] So you have something behind you. Are you going to become the head of the MOP? Are you going to first participate in next 13 May's [MOP] elections?

[Guillaume] Well, I myself do not intend to be a candidate for the Presidency of the MOP, because I think that I can work for a strong MOP where I am at present.

[Reporter] Excuse me, but do the people contesting Gerard Philippe Auguste plan to participate in the election through a person whom they intend to send?

[Guillaume] Well, we don't think participation is possible under the committee in place, which we contest—because it is a contested committee. This same committee cannot organize elections.

[Reporter] So what is the future of the MOP if elections are held and Auguste is again elected president?

[Guillaume] Ah! That would be really unfortunate. First of all for Haiti, because Auguste has proven what kind of president of the Republic he would have made. And if you journalists were to have the misfortune to be in the opposition and criticize such a government's management, I think that the same problem as occurred on 28 November, which forced journalists to leave the country, would happen again. [end recording]

We remind listeners that MOP President Auguste said in an interview he granted us last Saturday that he would not resign under pressure from a small group of people who are not credible. It must be decided through elections, said Auguste.

Auguste said that there were a number of men who were trying to deliver the MOP over to the Duvaliersts in order to further their own personal interests.

In a letter dated 24 February 1989 from the MOP's central political bureau to Mr Marc Guillaume, the bureau said that the party's unity had to be placed above everything else. In that same letter, they said there was nothing out of order within the MOP—that everything was normal. In the letter, the central committee said that it was most astonished to hear a number of things about relationships that a number of men who are against the central committee had with General Kebreau [the man who organized the elections of 1957, when Francois Duvalier was elected], Mrs Max Adolphe [the head of the Tontons Macoutes], and General Henri Namphy.

New Political Front Holds Press Conference

FL0103193789 Port-au-Prince Radio Nationale in French 1800 GMT 28 Feb 89

[Text] The leaders of the National People's Front [Front National Populaire], FNP, held a press conference this morning at the Oloffson Hotel, where they defined their group's objective and political line. Rochnel Charles [RTNH reporter] was present.

[Charles, in Creole] The purpose of the press conference was to define the Front's objective and its political line. There were five representatives of the association at the speakers' table: Marcel Jean-Baptiste, the executive secretary; Jean Guzman, the coordinator; (Louinesse Joseph), the spokesman; and Wilfrid Chery, and (Estime Louisjeune), members of the Front's executive committee.

The National People's Front was founded on 18 February 1989. According to Front spokesman (Louisjeune Joseph) [name as heard], the Front's objective is to work with the people's organizations to achieve unity in the people's camp, and the Front's political line is nationalistic and progressive. The Front brings together on the scene all the little organizations that were left isolated, and has branches in all provincial towns.

The purpose of the Front is not to catch votes, but the Front is not opposed to elections, either. Listen to the press conference.

[Begin unidentified speaker recording, in Creole] When we examine the way the struggle has been waged since 7 February 1986, one of the most positive things we see is that the population has begun to organize itself in order to defend its own interests. For example, it has formed neighborhood committees; youth organizations; unions; democratic organizations; peasants, workers, and church groups; groups of unemployed persons; professional

organizations; and so forth. What we saw those organizations doing, in order not to remain isolated, was to try to form groups so as to form a big assembly. Thus we saw the big union federations such as CATH [Autonomous Organization of Haitian Workers], CNEH [National Confederation of Haitian Instructors], CATH/CLAT [Autonomous Organization of Haitian Workers affiliated with the Latin-American Central Organization of Workers], FOS [Federation of Workers Trade Unions], and so forth.

We have also seen big people's assemblies, such as ANOP [National Alliance of People's Organizations], APN [People's National Assembly], Konakom [National Committee of the Congress of Democratic Movements], the Liaison Committee [of the Democratic Forces], and so forth.

However, despite all these big assemblies, we saw that there were many other people's organizations and neighborhood committees that remained isolated. When we sought to find out why they remained isolated, we found that it was because all these big assemblies never definitively defined [pa janm fin defini] their objectives and explained the political line they were following.

In sitting and throwing around ideas with the organizations that still remained isolated, we saw the need for us to group together into a front called the National People's Front [Front National Populaire], FNP, which has its own objective and its own political line. [end recording]

That was the statement made by the leaders of the FNP during the press conference they held this morning at the Oloffson Hotel.

We point out to listeners that this is the first time the Front has met the press since it was founded.

EEC, Central American Economic Communique

PA0103172289 Tegucigalpa LA TRIBUNA in Spanish 1 Mar 89 pp 6, 7

["Joint Economic Communique" issued by the EEC and signatory countries of the General Integration Treaty of Panama and Central America at the close of the conference on political dialogue and economic cooperation held by the EEC member countries, the Central American states, and the Contadora Group member countries in San Pedro Sula, Honduras on 27-28 February 1989]

[Text] 1. The European Community and the Central American countries are pleased that the political and economic dialogue between the two regions has continued and even expanded; that progress has been achieved through the use of the Luxembourg Agreement; that willingness has been expressed to strengthen economic cooperation in accordance with the Esquipulas agreements signed by the presidents of the region; and most particularly, that progress has been made in "the procedure to achieve a firm and lasting peace in Central America."

2. In this context, both sides are also pleased with the progress achieved by the Central American presidents at the meeting held in El Salvador on 13-14 February, at which time they made an urgent appeal "to the international community to support the process of socioeconomic recovery of the Central American nations, both in the short- and medium-term, taking into account the seriousness of the foreign debt problem and the need for recovery of intrarregional trade as a basic factor for strengthening the integration process."

3. The two sides have also made reference to the support the Community is giving to "the complementary and specific" actions agreed to at the joint ministerial meeting held in Hamburg in February 1988 as a way to respond to the appeal that the Central American countries addressed to the international community with a view to achieving sustained socioeconomic progress based on the priorities set forth in the "Plan for Immediate Action."

The Community and the Central American countries have expressed their satisfaction over the adoption by consensus of UN General Assembly Resolution No 42/231, which lent support to the "Special Economic Cooperation Plan for Central America." The Community has reiterated its determination to support the efforts the Central American countries may make to contribute to the process of regional peace and development. The two sides have emphasized the meetings held at various levels throughout 1988 that allowed the link between economic and social development and democracy, peace, and political stability to be stated.

4. The two sides have noted that, when added to the endemic causes of regional socioeconomic inequality, the troubled situation that still exists in certain parts of the region and the natural disasters that have plagued Central America have only worsened its economic and social situation and have entailed new economic difficulties for the region. Therefore, this situation requires a speedy mobilization of international solidarity as well as greater cooperation among the various Central American countries in order to permit the required support to be lent to various actions to reconstruct the area and to provide the required support to the national measures for economic improvement and the social policy to be adopted by each of those countries in order to make the required structural socioeconomic changes.

5. The Community reiterated that it has been substantially fulfilling its commitment to increase its financial and technical cooperation for Central America, thus supporting the efforts made by the Central American countries to improve the quality of life of their citizens.

For its part, the Central American side expressed its thanks for the amount of EEC cooperation that was approved for the region in 1988, and which for the first time exceeds 100 million ECU's [European Currency Units]. It acknowledged that the EEC's financial and technical cooperation with Central America has been very important and increasing, but that Central America's overall needs are so enormous that they require even greater efforts from the international community to complement the assistance it currently receives.

6. The ministers have confirmed with satisfaction that during 1988, the actions to achieve Central American integration have intensified, and they stressed the high level of coordination achieved by the Central American countries when deciding on the use of the international aid provided to the region as a whole, and more specifically, when implementing the mechanisms of interregional coordiantion adopted at the meeting of Central American vice presidents in September.

7. The EEC is pleased with the positive development of the process of adherence to the GATT by several countries of the region so they can become integrated into the international trade system.

In this regard, it has guaranteed to the Central American side its support in the appropriate bodies when the clauses in the adherence protocols are drawn up.

Both sides have recognized the fundamental importance of the multilateral trade negotiations of the Uruguay round, which are being held within the framework of GATT, and they have taken note of the advanced state of those negotiations, which were the object of discussion in the ministerial meeting held in Montreal between the contracting parties.

The interrelationship among trade, financial, and monetary aspects must be duly borne in mind to resolve the difficulties faced by the indebted countries or those that are heavily dependent on basic products, and the reorganization and improvement of the general balance of the international economy must be encouraged.

8. In the trade area, both sides have reiterated that the EEC's system of general preferences has permitted an increase in the volume of Central American exports that, thanks to this system, have been able to enter the EEC market. This must be systematically continued so as to increase current opportunities. The EEC has reiterated its commitment to facilitate to the countries of the region a greater and better use of the community's system of general preferences.

The EEC and the Central American countries recognized the importance of the growth of exports as an instrument to support economic development. In order to guarantee a stable, and if possible, expanded access to the EEC market, they agreed to study this topic in the joint commission established by the Luxembourg Agreement. They also recognized the importance of increased cooperation between the two regions in order to diversify exports by improving competiteveness and promoting European investment in such products.

The EEC stated it is willing to make unilateral decisions in the area of the reduction of tariffs in an autonomous way, even before the negotiations conclude within the framework of the Uruguay round on specific tropical products that interest the Central American countries.

The Central American ministers took note of the advances that are taking place in the implementation of the Single Document [Acta Unica] to achieve the unification of the European Market in 1992, and they expressed their interest in exchanging information in this regard.

9. While the EEC and Central American nations have employed the same tone used in the San Jose III and IV economic communiques, they have noted the EEC's determination to grant permanent and special attention to Central America's problems and to the changes that have negatively affected the volume of its income from the export of basic products.

The EEC has stated its willingness to study the development of this situation within the framework of the Joint Commission, with a view to eventually proposing recommendations.

10. After acknowledging the region-wide development plan's positive effects on the consolidation of the Central American integration process, the two sides underscored the plan's priority status, and reaffirmed that Central America will continue to receive considerable aid as stated in the EEC's pledge in the Luxemburg Agreement.

The two sides have agreed on the need to support Central American institutions, consolidate relations between the region's countries, and to strengthen the economic integration process. The EEC has pledged to contribute to those objectives through adequate cooperation with the BCIE [Central American Bank of Economic Integration], SIECA [Secretariat of Central American Economic Integration], the CMCA [Central American Common Market], and other regional institutions.

In addition to supporting regional financial organizations, the Central American countries have pledged to adopt the necessary measures to preserve and strengthen these organizations as efficient integration and development tools.

Both sides reiterated that resources in the form of financial and technical aid granted by the EEC through regional institutions must be distributed, without any exclusions whatsoever, in accordance with each country's specific needs and with the objective of achieving balanced development in the region.

11. The two sides have underlined that Central America's foreign debt service, which has hindered the region's growth, has continued to be a serious burden. The ministers said this issue must be resolved with the participation of all parties involved, especially creditor countries, debtors, multilateral financial institutions, and international private banks, considering the need there is to guarantee economic, social, and political growth in Central America. The two sides have agreed to continue the search for solutions.

12. In accordance with the pledges made in Hamburg, the EEC has intensified its cooperation in areas the Central American countries consider priorities. It has thus guaranteed the application of various basic elements of the "Special Economic Cooperation Plan for Central America," which are also included in the "Plan for Immediate Action" that the countries of Central America presented to the international community.

The EEC has confirmed its pledge to continue participating in specific efforts to promote the region's resurgence and economic development in accordance with the priorities established in the United Nations plan. To achieve this objective, the EEC and Central American countries will jointly establish priorities, while guaranteeing that the necessary coordination will be established worldwide with other countries and organizations.

The EEC and Central American countries have admitted that the Luxemburg Agreement and its instruments are an adequate base upon which to define the application of future actions that will be supported by the EEC, especially regarding their participation in specific parts of the "Plan for Immediate Action" and the "Special Economic Cooperation Plan for Central America."

13. The two sides are pleased with the sound development of the projects and programs currently being implemented with financial assistance from the EEC and its member states. These activities particularly refer to securing food supplies, health, promoting cooperatives, exploiting fishing resources, promoting development of

small- and medium-sized enterprises, diversifying exports, training human resources, and cooperating among scientific centers in the two regions.

The two sides are pleased to note that new projects are scheduled to be implemented soon, such as integrated rural development in border areas, strengthening of the Central American Organization for Services to Air Navigation [Organizacion Centroamericana de Servicios de Navegacion Aerea] (COCESNA), interuniversity cooperation, promotion of trade between Panama and the other countries on the isthmus, drafting an overall program for intergrated regional tourism development, and agricultural research as an element of the program to secure food supplies.

14. The EEC and the countries on the isthmus have underlined the importance of safeguarding the region's environment to guarantee lasting development and have agreed this concern must be adequately reflected through the various cooperation efforts. In this regard, they hailed the creation by the Central American presidents during the meeting held in El Salvador, of the Central American Commission for the Environment and Development [Comision Centroamericana de Ambiente y Desarrollo]. For its part, the EEC has stated it is prepared to support the efforts of the countries on the isthmus to integrate the environment issue into economic planning as an element of global strategy. Within this context, it also expressed its readiness to study and consider the implementation of projects and other efforts for ecological recovery, improvement, and development.

The EEC and the countries on the isthmus have expressed their satisfaction over the proposal for continued cooperation in such areas as scientific and technological development, energy development, and the financing of elementary training campaigns and regional tourist projects.

The two sides have reiterated the importance of the participation by women, with equal rights and responsibilities, in the development processes of the countries on the isthmus.

15. Bearing in mind the importance the countries on the Central American isthmus attach to the agricultural sector within the framework of regional strategy and the strengthening of the integration process, the two sides have agreed to step up relations and cooperation between the EEC and Central American agricultural organizations.

16. The two sides have stressed the importance of a pragmatic approach to industrial cooperation—which would be in addition to that in other areas, particularly in the commercial, financial, and technical areas—to contribute even further to a strengthening of the Central American integration process as an essential element for the region's economic development.

The two sides have agreed to jointly review at the next meeting of the Mixed Commission [Comision Mixta] a plan of action for EEC-Central American industrial cooperation in harmony with the guidelines of the UN special plan for economic cooperation with the region, a plan supported by the EEC.

17. The ministers are pleased about fulfillment of the operations sponsored by the EEC and its member states and the voluntary return of refugees or displaced individuals to their countries or places of origin in accordance with international law on humanitarian affairs and with the criteria established at the Hamburg meeting in 1988. The two sides have agreed to permanently ensure the fulfillment of those criteria.

The EEC and some of its member states have announced that they will financially support the preparation of works that will be presented at the international conference on Central American refugees, which will be held in May 1989 in Guatemala with the EEC in attendance. The EEC has also expressed its willingness to take note of the recommendations and plans that may emerge from this meeting and to consider the possibility of supporting them.

18. The Central American nations thanked the EEC, which, in accordance with its Hamburg pledges, responded immediately to the region's requests for food contributions. That aid more than doubled between 1987 and 1988 because of the drought, irregular rains, and natural disasters that have recently affected the region. The Central American countries say it is necessary to continue this support, and they agree there is a pressing need to create a "reserve for food operations in Central America," as established in the San Jose III joint economic communique.

19. All sides have reaffirmed the importance they give the creation of an elected Central American parliament. The EEC has reiterated that it is willing, in close collaboration with the European Parliament, to make specific contributions in the various phases of the elections' technical and material organization.

The EEC has already financed measures for the creation of and to publicize this topic.

20. The ministers of the countries of the isthmus have reiterated their concern that the European Investment Bank extend its activities to the countries in the area. The EEC has taken due note of this interest.

21. Both sides stressed the support requested of the EEC by the Central American presidents at the meeting in El Salvador on 13-14 February, to carry out an isthmus integration program of economic restructuring, reactivation, and strengthening. This request for support had been officialy presented to the EEC in Guatemala on 26 January as an essential element toward contributing to the area's peace and economic stability. In this context, the countries of the Central American isthmus request

technical and financial resources to establish a program that will reduce the main financial restrictions that intraregional exchanges suffer. These resources will increase the region's community cooperation. The program encompasses the following elements:

I. Reorganization of the regional payments system and the establishment of a special mechanism favoring intraregional export enterprises.

II. The establishment of a special mechanism for countries with chronic intraregional trade deficits and low relative development.

III. The strengthening of the Central American Bank of Economic Integration [BCIE] so it can support the region's economic reactivation and development processes.

22. The EEC has taken note that the countries of the Central American isthmus have requested the reactivation of intraregional trade.

The EEC has expressed its satisfaction over the presentation of this project, the goals of which respond to the common interests that have emerged from joint communiques from previous ministers' meetings. The EEC has recognized the Central American side has made a considerable political effort, confirmed at a meeting of presidents on 13-14 February 1989, to reach a common position over a definite project that confirms the Central American willingness to reactivate economic integration to strengthen the region's peace process.

Therefore, the EEC is committed to continue, without any delay whatsoever and with a constructive spirit, the examination of the Central American project, to define—based on this joint project—the modes needed for executing a program that would lay down the basis for an accelerated regional integration and an increase in the level of trade between the countries of the isthmus, to which a special effort will be made starting this year.

As far as the BCIE is concerned, and in step with the beginning of its institutional reconstruction and strengthening, EEC member states that wish to take part in increasing their capital should adopt the required steps to do so. Agreements should be established to guarantee the participation of these member states in the bank's work.

Issue Political Declaration

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["Joint political declaration" issued by the ministers of the countries of Central America, the EC, and the Contadora Group on political dialogue and economic cooperation held 27-28 February in San Pedro Sula, Honduras]

[Text] 1. The fifth ministers conference, held by the countries of Central America, the EC, and the Contadora Group, discussed political dialogue and cooperation for the Central American isthmus. This fifth meeting was held on 27-28 February 1989 in San Pedro Sula, Honduras. The first of such meetings was held in Costa Rica in 1984, and annual metings have continued to take place ever since.

2. Participants in the conference:
For Central America
For the EC
For the Contadora Group countries
Secretariat of Central American Economic Integration (SIECA)

3. The participants carefully examined all issues of mutual interest, within the context of dialogue and cooperation that both regions had previously established. They paid special attention to the current situation in Central America and the positive evolution of the peace process. They stressed, with great satisfaction, that the San Pedro Sula conference occurred at an especially encouraging time, in which all Central American presidents have agreed to renew and sustain their efforts toward intensifying the process of dialogue and negotiation that will contribute to achieving a lasting peace, authentic democratic processes characterized by pluralism and participation, a respect for international law, and regional stability and socioeconomic development.

In this regard, the participants discussed the five Central American presidents' commitment to proceed toward fully complying, without further delay, with the stipulations of the Esquipulas II agreement and the Alajuela and El Salvador declarations.

4. The EC and the Contadora Group ministers reaffirmed their governments' commitment and desire to continue actively supporting the efforts being made by the Central American countries in the framework of the Guatemala Procedure and reaffirmed the importance of intensifying the economic cooperation between the EC and Central America to strengthen the region's economic integration and support its economic development and social progress for the benefit of greater political stability.

The EC and its member states agreed to positively support, according to the terms defined in the economic declaration of this conference, the request made by the five Central American presidents at the El Salvador summit relative to the restructuring, reactivation, and strengthening program of the region's economic integration.

The Contadora Group ministers emphasized that the international community's economic support is indispensable in this new stage of the peace process, and in this respect, promised the support of their governments.

5. The Central American and EC ministers expressed their recognition of the Permanent Procedure of Political Consultation and Concertation, because of the constant concern for the Central American crisis and its reaffirmed resolution to support and participate in the region's economic recovery programs, as expressed by the Group of

Eight heads of state at their summit meetings in Acapulco and Punta del Este. In this respect, the heads of state urged the member countries of the Procedure to continue their cooperation efforts in the region.

6. The EC and Contadora Group ministers deemed it extremely encouraging that despite the difficulties and problems the Central American governments have encountered, these governments are determined to consolidate and expand the achievements made so far and to continue striving for peace, democracy, security, and economic and social development, in a spirit of dialogue and cooperation..

7. The ministers agreed that the best available option to achieve a lasting solution to the Central American crisis is full compliance with the Esquipulas agreement. They also noted the need to respect international law and the UN and OAS Charters.

8. The ministers reaffirmed their support for the peoples' right to full participation in truly democratic political processes.

They also stressed the importance of democratic processes that are authentic and pluralistic and that entail the advancement of social justice, respect for human rights, sovereignty, territorial integrity of nations, and the right of each people to freely choose, without any kind of foreign meddling, their own economic, political, and social model.

9. The ministers also agreed, in keeping with the Esquipulas agreement, that internal dialogues must be actively encouraged—within the framework of national reconciliation—to establish or improve a true and pluralistic democracy, which includes the furthering of social justice, and to guarantee total and effective respect for human rights, all civil and political freedoms, and economic, social, and cultural rights.

In this respect, the EC and the Contadora Group ministers vehemently urged all sides in those Central American countries that are currently feeling the impact of actions by insurgent and rebel groups to reach cease-fire agreements through the implementation of actions that may be necessary to reach an effective cease-fire within a constitutional framework.

In addition, the participants called on all sectors, rebel groups, and insurgent forces that operate in this area to join the constitutional political process of their respective countries. They also called on all Salvadoran groups to participate in the upcoming elections.

10. The participants welcomed and supported Salvadoran President Jose Napoleon Duarte's willingness, expressed in his 26 February proposal, to meet with the FMLN in the presence of all political parties—in reply to the Oaxtepec agreement of 21 February—to contribute to the efforts to achieve a definitive peace in the country. Those efforts fall within the framework of the pledges contained in the Esquipulas II agreement to take every step necessary to achieve a definitive cease-fire within a constitutional framework.

11. The ministers acknowledged that the heavy burden of servicing the foreign debt adversely affects the area countries' political, economic, and social development. They reiterated all sides involved must contribute to solve the problem. They agreed that greater international cooperation and improved access for Central American products to the international market would be beneficial and would have a positive impact on the region's economic, social, and cultural fields, and its political stability.

12. The participants expressed their great satisfaction for the extremely important results of the fourth summit meeting held in El Salvador 13-14 February, which showed the unyielding commitment of the five Central American presidents to exert themselves without delay and work for the establishment of a stable and lasting peace in the region.

The participants praised the commitment made by the presidents to make the necessary decisions to implement the peace process with the understanding that the agreements reached within the framework of Esquipulas II and the Alajuela Declaration constitute an indivisible whole.

The participants also stressed the importance of the Nicaraguan Government's disposition and measures announced in the El Salvador Declaration, in which the Nicaraguan Government stated its willingness to conduct a process of democratization and national reconciliation within the framework of the Esquipulas II agreements, including holding elections no later than 25 February 1990. In this context, the EC and the Contadora Group ministers supported the call made by the Central American presidents for the participation of Nicaraguan political parties in the electoral process.

The participants also recalled with satisfaction the commitment made by the five Central American presidents to draft, within a 90-day period, a joint plan for the voluntary demobilization, repatriation, or relocation of the Nicaraguan Resistance [RN] members and their families.

13. The ministers were also pleased with the important evolution of the talks held by the executive commission, which will allow for the establishment of efficient procedures for the verification, supervision, and follow-up of the agreements reached in the Esquipulas II accords.

The ministers were pleased with the request made to the UN secretary general for the creation of the procedure for the on-site verification of the agreements to prevent the use of one's territory to carry out acts of aggression against other countries and to suspend aid to insurgent forces or rebel movements. They praised the decision made by the Central American presidents to have the

executive commission immediately promote technical meetings for such purposes, according to the talks held in New York with the UN secretary general.

The ministers especially emphasized that two EC members—Spain and the FRG—had been chosen along with Canada, a Latin American representative, and the OAS secretary general to participate in the procedure.

In this regard, the EC ministers reiterated their countries' willingness to positively respond as far as possible, if formally invited by all the Central American governments, to participate in such procedures.

The EC and Contadora Group ministers also praised the decision made by the Central American presidents to reassert the authority of the national reconciliation commissions to continue carrying out their specific duties in the framework of the Esquipulas II agreements and the Alajuela Declaration.

14. The ministers reiterated they are fully convinced of the need for an authentic contribution by all countries with links and interests in the region that would encourage creation of the necessary conditions to achieve long-lasting peace and democracy and attain economic development in Central America.

In this respect, the ministers strongly reiterated the request made on No 5 of the Esquipulas II agreement—that governments inside and outside the region openly or covertly providing aid to insurgent movements or forces in the area immediately cease that aid, excluding humanitarian aid according to the purposes expressed by the Central American presidents in the El Salvador Declaration.

The ministers also noted the importance of preventing the use of countries' territory by people, organizations, or groups attempting to destabilize governments in Central American countries.

They also emphasized the urgent need to attain specific agreements on the negotiations regarding security, verification, control, and limitation of weapons, as established in the Guatemala agreement.

15. The participants at the meeting agreed on the benefits of ratifying the treaty establishing the Central American parliament so direct elections are held as provided in this treaty.

In this respect, they reiterated elections should be free and honest, with the presence of international observers, and based on the treaty establishing the Central American parliament and No 4 of the Esquipulas II agreement. The aforementioned process would favor true ideological pluralism and would guarantee greater participation of all political parties, which would help strengthen the democratization process in Central America, consolidate peace, and promote regional integration in Central America.

16. The EC and the Contadora Group reiterated their commitment to provide total support for the establishment and operation of the Central American parliament. In this regard, the EC ministers referred to the European Parliament's commitment to cooperate in the establishment and operation of the Central American parliament.

17. The participants agreed the critical Central American socioeconomic problems, worsened by natural disasters, are of serious concern.

In this sense, the EC and Contadora Group ministers reiterated their desire to strengthen their cooperation with the countries in the region and support them with specific actions in their efforts to achieve quick and steady development.

The EC ministers also reaffirmed their plans to contribute to the attainment of the goals and objectives of the Special Economic Cooperation Plan for Central America as a way to support the efforts conducted within the framework of the Esquipulas II agreement.

18. The ministers noted the importance of providing full support to the International Conference on Central American Refugees that will be held in Guatemala in May 1989. In this respect, the European delegation announced its decision to participate in that conference.

19. The ministers welcomed the Central American presidents' decision to create the Central American Environmental and Development Commission as a regional cooperation procedure for the optimum and rational use of natural resources in the area, control against pollution, and establishment of ecological balance.

20. In addition, the ministers expressed satisfaction with the Central American presidents' decision to create an executive commission to draft a regional cooperation plan to eradicate illegal drug trafficking.

21. Participants in the San Pedro Sula conference expressed satisfaction with the results of the dialogue and decided to meet in Europe next year, as required by the rule governing alternation.

22. The ministers expressed gratitude to Honduran President Jose Azcona Hoyo, whose invitation led to the conference. They also thanked the people and Government of Honduras and the San Pedro Sula for their excellent hospitality and expressed appreciation for the perfect organization of the conference.

San Pedro Sula, 28 February 1989

Foreign Secretary Solana on Foreign Policy
PA2802145989 Mexico City EXCELSIOR in Spanish 18 Feb 89 pp 1-A, 10-A

[Interview with Foreign Secretary Fernando Solana by Djuka Julius at the Foreign Relations Secretariat in Mexico City; date not given—quotation marks as published]

[Excerpts] [Julius] Much has been said lately about an alleged change in Mexico's foreign policy. There has been much speculation on this. Is there such a change?

[Solana] No, there is not. Mexico's foreign policy is a result of our history, of our historical experiences. It is not a policy that can be changed every once in a while. It is a continuum that evolves with the history of Mexico and the world, which is why it cannot change overnight. We uphold principles that emerged out of our struggle for liberty last century and during the 2d decade of this century and that were clearly established by President Carranza in 1918. These principles have been gaining strength since then, and they have been and will continue to be Mexico's guidelines in foreign policy matters.

"I believe Mexico's prestige in foreign policy results from the strength, firmness, and stability of its principles throughout the 20th century, especially since President Carranza clearly established them.

"This does not mean we do not see the changes taking place in the world or do not take advantage of the opportunities that new situations could open. Mexico always adopts new strategies to adapt to international changes and to take advantage of those changes. For example, one such strategy has been the commercial opening, which requires new forms of economic growth and adjustment to the new conditions created by that production structures emerging in the world. However, these changes do not affect the essence: the principles that serve as our guidelines. [passage omitted]

[Julius] When I travel, I am asked: How is it possible that Mexico has not abandoned its foreign policy because it has such a huge foreign debt? How would you answer that?

[Solana] Sovereignty is fundamental for us; it is our basic condition as a nation. The debt is a burden, but it is circumstantial. The debt pressures us, but it is an accident in our history. We have made a great effort to service the debt—all Mexicans have. We have to find solutions that allow us to grow again.

"I believe the debt has not affected our sovereignty precisely because of the Mexican nation's strength."

[Julius] Thus a change in an essential Mexican foreign policy aspect could negatively affect and have grave consequences on the national domestic consensus?

[Solana] I believe an arbitrary change, an artificial change, an imposition not in line with our history, would severely affect the national consensus. I believe Mexico's foreign policy and the principles that guide it are a product of our history, and any change also must be a product of our history and would have to be aimed at strengthening national sovereignty. [passage omitted]

[Julius] How important is Latin America in Mexico's foreign policy? President Salinas' first trip abroad, while he was still president-elect, was to Guatemala. One of your first two trips was to Central America, the other to Caracas to President Carlos Andres Perez' inauguration. Is that symbolic or are there implications behind it? What does Latin America represent for Mexico?

[Solana] We are a substantial part of Latin America. We are Latin America; we are a basic part of the region. In a family, for example, relations with neighbors are very important. More important, however, are domestic relations—the relationships between relatives. We cannot view Latin America as being opposite us; we cannot view it as far away, because we are part of the substance composing Latin America.

"President-elect Salinas de Gortari's trip to Guatemala and Belize and the trip he ordered me to make to the five Central American countries were not only aimed at reiterating the priority that Latin America is to him and his government, but were meant to seek rapprochement with our family, to ratify our pride and interest in Latin America, which we view as a priority."

[Julius] In this context, do you, the Mexican Government, and President Salinas believe in Latin American political concertation and economic integration? I ask this question not because I have doubts about your position but because it is often said all this is only talk and that Mexico is not really interested in Latin America. How would you define the position?

[Solana] This is a good case to stress the importance of being careful with terms. In the Latin American context, the word "integration" has many meanings. We do believe in increased integration, but we have to be realistic. Many decades of economic integration efforts have elapsed, and we have not advanced much. Our countries are separated by enormous physical distances, lack of transportation, poor communication, and limited economies.

"We believe in the need for more integration, because it is the basic requirement for the future generations' identity. Integration has many levels: economic, cultural, social, and shared political objectives, just to mention the main ones. I do not believe it is possible to attain total integration in the next few years.

"Latin America has much in common, historically and culturally. We have and will be able to have much more in common in the future. We have to work realistically, without confusing what we want and what is possible to attain, and without moderating our rhetoric. That is why more practical and concrete efforts, such as those presently undertaken by Argentina and Brazil or the one we want to promote between Venezuela and Mexico, are very important. They may appear to be limited, but these

efforts are concrete and practical. We will advance if we study the economic activities that are advantageous to us and jointly invest, produce, and trade in them.

"Summarizing, I believe Latin American economic integration is a long-term project and that we have to be realistic during the short term. We can only integrate certain activities and have to do so in subregions of the great Latin American Continent.

"This does not stop Mexico from continuing its attempts to penetrate the large international markets with which it trades and has a vital and active relationship: the U.S., Japanese, and EEC markets. We cannot exclude..."

[Julius]...Exclude them.

[Solana] These markets are there and are part of our and the world's economic reality. Reality shows us we cannot stop attending and developing relations with markets that interest us in other parts of the world. This, however, does not exclude the importance we give to getting closer to Latin America over the long term and attaining short-term sectorial agreements with some of the South American countries.

[Julius] Does Mexico still view as a strategic option the ideal of achieving a community of Latin American nations?

[Solana] The Latin American community is a historical reality. As I said, I believe that culturally and historically we are a community. The Latin American option is economically important, particularly in the immediate future if we are going to work by subregions. Any efforts in that direction are worthwhile, because they have a basic historical and political meaning. However, that should not force us to set aside other options for promoting our trade with other regions in the world.

"It benefits Mexico to diversify its trade with the rest of the world, to avoid being overly dependent on any specific region. I believe this also applies to the other Latin American countries.

"Therefore, we must continue our efforts to broaden our trade with the various economic regions: Latin America, the Asian Pacific, and particularly Europe. Our trade with the United States and Canada flows naturally. However, I believe we must increase our efforts to expand our economic and trade relations with Asia and Europe, and also with Latin America, for historical, political, and cultural reasons."

[Julius] Mr Secretary: Obviously, you view Latin American economic integration as a process. I was just thinking that a similar process in Europe lasted 40 years and that it began with an ironclad union between France and Germany. Therefore, within that process, does Mexico view its future as part of Latin American integration?

[Solana] Yes, but not in the immediate future. I believe the European and Latin American processes are quite different. Europe was more closely knit geographically; it had better communications and was better integrated. Concerning, transportation and communications, Latin America is still far from being able to establish a common market.

"However, I believe we should have regional programs with some countries. Specifically, the production of oil equipment and the aluminum, iron, steal, and petrochemical industries are examples of fields in which we could work together with some Latin American countries, specifically Venezuela. However, I do not envision implementing schemes like the European model in the near future.

"I do think, however, Mexico has a privileged geopolitical position in the world. We have access to the Pacific Ocean, an area of growing economic importance. As we know, the Pacific Basin is already more important than the Atlantic Basin. In addition, we must not forget the enormous potential of our economic and commercial relations with Europe—and as I said, the political, cultural, and economic interests in Latin America."

[Julius] Could political concertation come before economic integration in Latin America?

[Solana] Right now, I believe so. I think political concertation could be achieved earlier than economic integration, but I do not mean we progress in the economic field. Political concertation could occur sooner, because we have great cultural similarities and common political interests.

"The Group of Eight shows we can advance faster in the political field. Through its mediation, several Latin American countries have collaborated in creating a climate of concertation in Latin America. At the same time, the Group has already begun conducting efforts with other regions in the world.

"A dialogue between Latin America and the EEC has begun, and will continue in April in Grenada, Spain. We will soon be able to conduct similar efforts with Asian Pacific countries and eventually with the United States and Canada.

"Because we share problems and interests and have historical and cultural similarities, more progress has been made for political concertation than for economic integration. Political concertation would greatly benefit Latin America, because it would encourage economic integration and not vice versa, as has occurred in other parts of the world."

[Julius] Regarding this, Mr Secretary, how do you view development in Latin America? Apparently, we have two parallel and contradictory processes. Are we witnessing a wave of democratization in Latin America? There are military regimes falling or about to come to an end,

but at the same time, we see how the crisis is eroding young democracies in Argentina and elsewhere. Are you worried about this development?

[Solana] Yes, I am very worried. I think the economic contraction caused by the debt in Latin America can severely affect the development of our societies and the democratic processes in our nations.

"Therefore, it is very important to try to consolidate these processes of democratization while we find real solutions to our region's debt problem."

[Julius] Mr Secretary: It has been a few days since the important step taken by the five Central American countries through the agreement reached at the summit in El Salvador. How do you view this? What outlook do you foresee for a final negotiated solution to the Central American conflict after this agreement?

[Solana] I see it as an extraordinarily positive step; I look at it with great optimism; I think it was a very important advance that shows the Central American governments' willingness to have peace and democracy. President Salinas de Gortari sent private letters to Presidents Arias, Azcona, Cerezo, Duarte, and Ortega expressing his satisfaction and congratulating them for the agreements they reached.

"In addition, in a special communique, the Mexican Government reiterated to the five countries its commitment to continue helping them in their reconciliation effort. Mexico believes the Central American problems must be solved with Central American formulas. This is just what these five presidents are achieving.

"To the extent these agreements are implemented—they will certainly be implemented, because we are witnesses to the political will of the five presidents and governments for this—Central America will advance on the path to peace and democracy, and the groundwork for an economic recovery will be laid."

[Julius] You recently visited Nicaragua, do you believe the Sandinists are sincere in their promises for democratization and that this agreement does not run counter to their Marxist leanings?

[Solana] I believe the Sandinists will keep the promise they recently made at the summit, just as I am sure the other four governments will also keep their promise.

"Central America is tired of war, tensions, and stagnation. I am convinced it wants to begin a new stage in peaceful and democratic coexistence and economic recovery. My recent visit to Central America convinced me that the area's governments are determined to achieve all of this, and that the people want it. [passage omitted]

[Julius] Is Mexico happy the Nicaraguan contras are on the way to extinction?

[Solana] We are happy the military conflict in Central America is on the way to solution. This conflict, which directly affects the Central American countries, also indirectly affects all the region's countries. Solutions by force in the area also hurt all of us. We are happy to the extent that progress is made in the elimination of the forces in conflict, and in the establishment of peaceful solutions to clear the borders of any conflicts.

[Julius] Mr Secretary, what can you tell us about the Central American situation? The Esquipulas II agreement is slowly being fulfilled. That fulfillment is obviously part of the Central American peace process. Is the Contadora initiative thus canceled? What role can the Contadora Group play, or is Contadora's time over now?

[Solana] I would not say something that ends is canceled.

"The Contadora initiative bore important fruits, such as Esquipulas II and the formation of the Group of Eight. As the Contadora Group, we still have some tasks to complete. In fact, at the end of February, the foreign ministers of the countries of Central America, the EEC, and the Contadora Group will meet in San Pedro Sula, Honduras. There are still tasks to be completed, and we will complete them.

[Julius] When you say Mexico and the Mexican president wish to continue contributing to the Central American peace process, does Mexico do so for its own interest?

[Solana] Mexico has a sense of international cooperation and solidarity with the Central American fraternal nations. Mexico is also thinking of its welfare. We want Central American countries to attain peace, democracy, and development, because they are fraternal nations, but also because they are neighboring countries.

[Julius] Obviously, Mr Secretary, I am not revealing any secret when I say a large part of the Central American process depends on the U.S. position. How does the United States view the Central American agreement? Are you optimistic, believing the United States could contribute to as well as accept the solution to the Central American problems through negotiations?

[Solana] I believe if President George Bush's government is showing a conciliatory position in favor of detente in several parts of the world, we hope it will show the same attitude toward Central America.

[Julius] Mr Secretary, the United States plays an essential role in Mexico's foreign relations. You were present at the meeting of President Salinas and President Bush when they were both president-elects. How do you see the future of Mexican-U.S. relations? On what will its development depend in this next phase?

[Solana] At the meeting of the two presidents in Houston, I saw they want a frank, friendly, respectful, and close relationship. Obviously, there will always be large

and small problems between different and unequal countries such as Mexico and the United States, which share such a large border. The question is how to handle those problems. Should we handle them based on trust, mutual respect, goodwill, understanding, and a willingness to solve them or through distrust and confrontation?

"I believe we are entering a phase in which the two presidents are proposing to handle those problems with trust, conciliation, and a constructive spirit.

"Sometimes problems arise that do not seem to agree with what I just said. Regardless of those difficulties, which Mexico will face as it has always had—in other words, tiressly defending its sovereignty and interests—I believe the Mexican and U.S. Governments wish to solve problems in a spirit of trust, closeness, and friendship.

"On what will success depend? It will depend on Presidents Bush and Salinas turning their political resolve into specific actions. We are sure Mexico will conduct those actions.

"There are particularly important problems. I can mention three or four here: the debt, drug trafficking, and bad treatment of Mexicans working in the United States. Those are normal problems between two countries that share a border of over 3,000 km.

"We must try to solve those problems through specific, positive, friendly, and mutually trustworthy means. I repeat: We must not solve those problems through confrontations. We will have a positive attitude as long as the U.S. Government shows the same attitude.

"As for drug trafficking, I am pleased to see the U.S. admission that it is not only a problem of production but also of consumption. Insofar as the international community makes efforts to fight drug trafficking, drug production, and consumption, we will obtain better results to benefit our people's health. The only way to advance against the cancer of drugs is through mutual respect and cooperation and not through confrontations and mutual accusations.

"Regarding Mexican workers in the United States, I believe the U.S police and immigration authorities must be more respectful toward the Mexicans who live in their country or those who cross the border into the United States. It is a human rights issue, and we will state it as such before the U.S. authorities whenever necessary."

[Julius] You have mentioned the debt problem several times. Do you believe conditions to solve the problem are present? Do you feel the United States is developing a will to resolve the debt problem in a positive and realistic manner, and not only for Mexico?

[Solana] What I can say is attention has been given to Mexico's explanations and that advances have been made in talks related to these problems.

[Julius] Regarding the United States, there are rumors about a brief visit by President Salinas to the United States. At what stage is this possibility?

[Solana] Nothing has been said about it.

[Julius] Mr Secretary: President Salinas has been very clear; a short time ago, he reaffirmed Mexico would not enter the North American common market. Why is this and what are the efforts being made to find solutions by developing activities in certain fields you said were being pursued?

[Solana] Mexico would not receive any benefits by joining a common market with two countries, the United States and Canada, that are so different and have economies that are much more advanced than ours. To do so would entail negotiating with their rules. Just to present one of the problems, I believe it would be inadmissible to even talk about a common market that did not have movement or an open flow of labor. The United States does not even consider this problem. We can hardly talk about a common market if there are no possibilities of discussing the open flow of labor.

"Mexico can reach sectorial agreements or agreements in specific fields. Moreover, we engage in a large amount of trade with them at present. Two thirds of our trade in goods is with the United States. Yet, for political reasons, and for maintaining a balance, we must recognize it benefits us to have closer economic relations with the Asian Pacific countries, Europe, and Latin America.

"President Salinas has stated his position clearly. Under the configuration conceived and agreed by the United States and Canada, a common market with those two countries is not for Mexico."

[Julius] Mr Secretary: I know you will understand I have to ask you this question. The Mexican press and public opinion have had a very negative reaction—or, shall we say, very serious reservations—about the appointment of new U.S. Ambassador John D. Negroponte. Do you take that to be a negative sign for Mexico? How do you view this?

[Solana] Political relations between two countries are established between their respective governments. During their recent meeting, the presidents of both countries expressed their wish to have cordial and respectful relations, marked by a constructive spirit. It is within this framework of goodwill that the Mexican Government agreed to the appointment of the new U.S. ambassador.

"At the time the decision was transmitted, the Mexican Government let the U.S. Government know it hoped the career diplomat would contribute to the strengthening of bilateral relations, based on equality and strict respect for the sovereignty of both nations, within the spirit of the statements recently made by President George Bush and Secretary of State James Baker on the future of both countries.

"Moreover, the activities of diplomatic agents and, of course, their behavior are regulated under the Vienna Convention, which Mexico respects and applies when necessary."

[Julius] Regarding relations with Mexico, the United States in the past often had allowed problems and differences in the multilateral sphere—such as their respective voting records at the United Nations, and differences in their policies toward Central America—to negatively affect bilateral relations. Do you think the Bush administration will have a more flexible attitude in understanding that Mexico will continue to vote and act as it sees fit, without that affecting bilateral relations?

[Solana] Mexico has maintained a policy of nonintervention in the affairs of other countries. We have respected the express will of sovereign governments in voting in multilateral organizations. Mexico will vote according to its principles and interests and will demand respect for its decisions.

[Julius] Sir, you have talked about the changes taking place worldwide between the two superpowers. Specifically, for Mexico, does this mean greater opportunities, and if so, in what respect?

[Solana] I believe we are entering a new phase in world history, after going through a long, tense, and dangerous period, which came to be known as the Cold War—which is ending. How much can it be properly said that this period has ended? We have to see how things evolve. I am optimistic. There are different opinions regarding events taking place in countries with centralized economies. I think their governments and people have shown a desire and an interest to make changes and open up, which is stimulating for everyone and which is producing concrete results.

"Regardless of what we might speculate, it is a fact that this easing of tensions has made room for understanding and peace, which we did not have just a few months ago."

[Julius] Is there any danger that the idea of dividing the world in spheres of influence in a modern and more actualized fashion could be contemplated? Or do you believe—as I do—that an emerging multipolarity is increasing, eliminating this threat that looms over countries such as Mexico?

[Solana] I believe the world is heading toward multipolarity. We see this in Europe, which in the 1950's or 1960's did not have the influence it has today. Then there is Japan's influence, the revival of the Chinese economy, and the economic recovery of other countries—even countries such as India—a recovery Latin America will most likely soon resume.

"Multipolarism is slowly replacing postwar bipopolarism. It is opening new opportunities for all and benefits all world peoples, including those of the two superpowers."

[Julius] Sir, you mentioned disarmament. Mexico has always been very active on this issue. Mexico is member of the Group of Six. Will President Salinas continue to be active in the Group of Six? What can we expect from this group and from Mexico in other disarmament forums?

[Solana] We will continue to be very active. Disarmament efforts promoted by the Group of Six have begun to bear fruit. We believe the permanent communication fostered by the group between the superpowers' leaders and repeated calls to end the arms race created an appropriate atmosphere for the signing of an accord between the United States and the USSR to eliminate intermediate-range missiles. I believe efforts to achieve a general and full disarmament is just beginning. There is an excessive investment of human and material resources in the arms race; those resources should be invested in peace and development. Mexico, as the other members of the Group of Six, will continue insisting on the need to achieve all of our objectives. For the time being, however, in view of this accomplishment, the six countries have decided not to hold a meeting scheduled for March in Greece. [passage omitted]

[Julius] Sir, within this context, what do political and economic relations with the socialist countries—primarily the USSR and the PRC—represent in President Salinas's foreign policy plans?

[Solana] For many years, Mexico has maintained excellent relations with those countries. We want to continue to strengthen those relations. In addition, to the extent that those countries open their economies—as is happening in the case of the PRC and as is beginning to happen in the East European countries and in the USSR—trade prospects with these countries could become very attractive.

[Julius] Sir, Mikhail Gorbachev has been invited to visit Mexico. What can you say about this matter? Are you expecting his visit?

[Solana] There is nothing concrete on this matter.

[Julius] You talked about the Pacific Basin. Regarding this matter, it is obvious that relations with Japan receive preferential treatment in Mexico's foreign policy, both politically and economically. Do you think it is possible for these relations to grow?

[Solana] The Mexican president has underscored the enormous possibility of substantially increasing our relations with Japan and with other countries of the area in general. There are various reasons. First, there is the economic strength these countries are attaining and the trade dimensions achieved so far. There are also the dynamic energy relations with these countries that we will acquire because of the changes in Mexico's economic strategy. Japan, South Korea, and the rest of the Asian Pacific countries have grown by exporting and importing, and by broadening their economic interrelationships to an amazing degree, in particular with the American Continent.

"Now, Mexico has decided to change its economic strategy; our country is determined to continue growing with a more open economy, which is why it is natural for this relationship to grow a great deal. We are already seeing this, in terms of investments in Mexico, not only from Japan, but also from South Korea and other countries in the area. Trade will increase even more to the extent that Mexican businessmen become increasingly aware of the enormous opportunities we have over there and to the extent businessmen in the Asian Pacific countries see the favorable prospects for the business Mexico has to offer. The growth in economic and trade relations will then be particularly rapid. [passage omitted]

* Methods of Record 1987 Tax Fraud Explained

32480078 Mexico City LA JORNADA in Spanish
5 Jan 89 pp 1, 22, 23

[Report by Carlos Fernandez-Vega and Roberto Fuentes Vivar]

[Text] The biggest tax fraud in Mexico's history (which could total 24 trillion pesos, according to the estimates of investigators) was perpetrated in 1987 by the stock brokerage houses operating in the country, in collaboration with major transnational consortiums such as Nissan, Richardson Vicks, Playtex, General Foods, Firmenich and Sidney Ross, among others, which used "phantom" companies to evade income taxes and, in some instances, the value added tax.

According to the investigations being conducted by the Finance Secretariat, the Office of the Federal Attorney for Fiscal Matters (PFF), the Office of the Attorney General of the Republic (PGR) and the group of defense attorneys of the investors defrauded by the brokerage houses, headed by Cesar Fentanes Mendez, the fraud was perpetrated through transactions by the brokerage firms in the money market.

The brokerage house Inverlat, whose majority stockholder is Agustin F. Legorreta Chauvet, the current chairman of the Business Coordinating Council (CCE), conducted more than 19 billion pesos of this type of transaction solely through the phantom enterprise Grupo Empresarial Atl, which is actually a pharmacy in the city of Puebla. For several months this brokerage house gave special courses in "recovering the value added tax."

The Stock Trading Brokerage House (OBSA), which is run by Eduardo Legorreta Chauvet, conducted about 5-billion pesos worth of the same kind of transaction in just 3 months through the phantom company called the Consejo de Servicios Empresariales (Council of Business Services). This "consortium" has capital stock of a billion pesos, according to public document number 21,398 of 18 March 1987, which was signed in the presence of notary number 33, Eduardo Flores Castro Altamirano.

CETES, Instruments of Fraud

The transactions to defraud the Treasury were conducted by means of CETES [Treasury Certificates] between two clients and the phantom company, always through the computers of a brokerage firm, whose witnesses were used as documentary support for "financial expenses."

One specific case involves the Richardson Vicks consortium, the Inverlat brokerage firm and the phantom company Grupo Empresarial Atl. On 15 June 1988, specialized personnel of the Fiscal Auditing Directorate of the Secretariat of Finance and Public Credit visited the domicile of the transnational to check on the 4,321,542,248-peso loan that Atl had allegedly granted it.

On 20 August 1987 the transnational had written a promissory note in that amount to the order of the Grupo Empresarial Atl (GEA). The same promissory note was endorsed over to Factoring Inlat on the same date, as can be seen in "receipts" numbers 483 and 487 of the GEA, which is domiciled at 1311-B Juarez Avenue in the city of Puebla (this is the location of the aforementioned pharmacy); LA JORNADA has the receipts in its possession.

Richardson Vicks paid 3,768,747,000 pesos for the loans with 4 Banco Nacional de Mexico checks, numbers 010443, 010444, 010445 and 010446. It also paid 480,691,169 pesos in interest and 72, 103,675 pesos in VAT [value added tax], which makes a total of 4,321,542,248 pesos.

The Grupo Empresarial Atl, a phantom company of the Inverlat brokerage house, conducted fraudulent transactions through CETES with the following firms: Productos Alimenticios Princesa (Cordoba, Veracruz), Alguza (Cordoba), Grupo Alza (Cordoba), Molcas Internacional (Merida, Yucatan), Hilados Morelos (Tejalpa, Morelos), General Foods de Mexico (Federal District), Ferreteria Echeverria (Federal District), Casa Distexs (Naucalpan), Jaraza (Cordoba), Jomanalza (Cordoba), Mazon Corporativo (Hermosillo, Sonora), Firmenich de Mexico (Federal District), Sidney Ross (Cuautitlan), Europlast (Naucalpan), Nissan Mexicana (Federal District), Lazy (Cordoba), Playtex de Mexico (Federal District), Richardson Vicks (Naucalpan), Servicio Alza (Cordoba), Edianza (Cordoba), Articulos Haz (Cordoba), Grupo Prolar (Naucalpan), Fabricas Textiles Mexicanas (Guadalajara, Jalisco), Champinex (Amealco, Guerrero) and Gabatex (Santa Clara, Mexico State).

A document of the General Directorate of Auditing and Fiscal Revision of the Finance Secretariat (number 390-VI-0-2-13462), sent on 24 October 1988 to the federal attorney for fiscal matters, Miguel Valdes Villarreal, details the transactions between the aforementioned companies and the Grupo Empresarial Atl. It indicates that GEA has capital stock of 2 million pesos, according to public documents numbers 19076 and 45745, signed by notaries 18 and 10, respectively, of the city of Puebla.

In spite of its minimal financial capacity, the Grupo Empresarial Atl conducted transactions totaling 19,010,918,742 pesos from 20 August 1987 to 18 September 1987.

The investigation conducted by the Secretariat of Finance and Public Credit led to the arrest of Hector Rosas Rodriguez and Ricardo Rosas Munoz (owners of the Grupo Empresarial Atl up to 31 October 1986, when they sold it to Jose Ochoategui Cortes) for evading the value added tax in the amount of 21 1,544,463 pesos.

According to "confidential" file number 529-IV-B-S-b-4936, which the federal attorney for fiscal matters, Miguel Valdes Villarreal, sent to the attorney general of the republic, Sergio Garcia Ramirez, on 21 November 1988, prosecution of Rosas Rodriguez and Rosas Munoz was sought because there were 15 pieces of evidence of their criminal liability.

'Inverlat Does Not Want a Scandal'

On 30 November 1988, the last day of Miguel de la Madrid's 6-year term, Jose Ochoategui Cortes, the new owner of the Grupo Empresarial Atl, appeared before the authorities in the presence of the agent of the Federal Public Prosecutor's Office. He explained that Ricardo Rosas Munoz had offered to pay the discrepancy in the value added tax that prompted his arrest.

After several talks with the Finance Secretariat of the Puebla government, Ochoategui explained that Rosas Munoz told him, in the presence of a notary public, that "he was not appearing (before the authorities) because that implied acknowledging a receipt that was not his, and there was no legal way to record the entry and exit of the loan backed by a receipt." The amount of the loan exceeded the capital stock of the business owned by the deponent more than 100-fold.

He also said that Ricardo Rosas Munoz told him that the problem would be resolved and confessed to him that "the Inverlat stock brokerage firm S.A. de C.V., where he worked, was involved and that this firm was using him as a middleman and would support him all the way because they did not want a scandal."

He also told him that "the brokerage firm (Inverlat) had registered Ricardo Rosas Munoz as an intermediary, using the name Grupo Empresarial Atl for factoring transactions, and that transactions had been conducted between him and the brokerage firm in which the Grupo Empresarial Atl lent the brokerage firm's money to third parties and he, as a reward, would be allowed to keep the value added tax that was charged to clients; these transactions were conducted for fantastic amounts, though he had conducted only one, the one involving the receipt that accompanied the summons."

According to prior document number 4719/SC/88 of Hearing Board 12 of the Central Sector of the PGR's Directorate of Preliminary Investigations, the deponent asked that Ricardo Rosas Munoz take responsibility for the false receipt, which Rosas Munoz agreed to do. All of this was confirmed before notary public number 10 of the city of Puebla.

Ochoategui stated before the notary public that "there was not just one receipt; there were several, and a letter mentioning the amount of the transactions, more than 200 million odd pesos, was drafted." Ochoategui also indicated: "That individual told him that if Ricardo Rosas Munoz said anything, the brokerage firm (Inverlat) would not support him; that individual asked him to wait for him to resolve the problem; that the deponent consulted with an attorney and preferred to make all of the facts known to the fiscal authorities and even reported him to the agent of the Federal Public Prosecutor's Office in that city and to the Office of the Federal Attorney for Fiscal Matters."

Rosas Munoz Speaks: 'A Crime Does Exist'

Also on 30 November 1988, Ricardo Rosas Munoz acknowledged in the presence of agent Heering of the Public Prosecutor's Office that he "had engaged in that course of conduct" in connection with the charge of tax fraud.

The accused, along with his father Hector Rosas Rodriguez, the document reads, established the Grupo Empresarial Atl in October 1984 with 1 million pesos in capital to set up the business called Farmacia Juarez Centro. Later, in February 1987, the deponent began to work for the Inverlat brokerage firm after the business had been transferred to Ochoategui.

He received 6 weeks of training there, at Inverlat, he explains in his statement, and began to work as a financial adviser in late March 1987.

The document reads: "As part of his training he was taught about investment instruments in the securities market and how to handle them so that he could advise the investing public." Rosas Munoz was later instructed to show up for work in Mexico City at the offices of Inverlat, located at 160 Bosque de Ciruelos Street in Bosques de las Lomas.

The document explains that he went there "to receive training in factoring transactions and special financing operations; this further training lasted 2 weeks" during the month of May.

The introduction was taught by Luis Arteaga, an engineer and assistant director of financing at Inverlat. An a Luisa Dabo, who was manager of operational finance, taught him about the transactions known as "back to back."

According to the deponent, through such transactions "a person could put money in a company without its being recorded on the books." Rosas Munoz indicated that "this person is the creditor under two independent contracts entered into with the company. Under one of the contracts the individual makes an investment in the brokerage firm, and the brokerage firm transfers this

money to the factoring firm, which then enters into a contract directly with the company, to which the amount of money that the individual deposited is lent."

He goes on to say: "It was Francisco Mendoza who taught him how to conduct the transaction known as VAT Recovery, which was the one that the deponent used in the case that prompted his appearance before the Office of the Attorney General of the Republic. In such a transaction a factoring firm, through any other company that needs the VAT as a middleman, provides a loan to a different company that needs financing."

He adds: "A Mr Henry Davis was the operational financing trader who trained them to conduct pure factoring transactions. In such transactions, a given firm sells its accounts receivable to a factoring company; in other words, a private company hands over credit instruments, whose due dates could be from 8 to 90 days, and receives the amount of these instruments, deducting a commission, which is the price that the factoring company charges and which represents its profit."

The deponent also asserted that besides him five other people from different parts of the republic received such training, that they worked for Inverlat and that this training lasted 2 weeks.

Rosas Munoz explains in the document that he continued to work there, combining his functions as a financial adviser with those of adviser in special transactions to companies that were not clients, inasmuch as Ana Luisa Dabo and David Guasch, the assistant regional director of Inverlat in the city of Puebla, had so instructed.

In answer to a specific question from the Public Prosecutor's Office about the source of the money that was lent to companies through Inlat factoring, he replied that "the money is obtained through the mechanism called Inverlat money counter [mesa de dinero]. He added that "the promissory notes that are received from the companies that request a loan are sold over the money counter to the general investors of Inverlat, that all of the money that is given to the companies that sign promissory notes through the operations with Inlat Factoring comes from Inverlat investors."

The deponent explains in the text that "the amounts of money that Inlat Factoring lends to companies easily surpass its financial capacity and that Secoref or Secoret S.A. is an enterprise in the Inverlat financial group that functioned as a middleman company between Inlat Factoring and the company that needed a loan before Inverlat thought of resorting to VAT-recovery operations."

Inverlat: Banking in Disguise

Rosas Munoz goes on to explain that "because the companies that need financing cannot turn directly to Inverlat for money, since only the national credit institutions can do that, Inlat Factoring was created. It can purchase instruments and lend Inverlat money through a middleman company, such as, in this case, Grupo Empresarial Atl, and although such operations fall under a different framework, it is actually Inverlat's money that is being lent to the companies that need loans."

The deponent, "like the Inverlat officials, says that there is nothing illegal about the companies recovering the VAT that they have already paid by making it appear as if the company itself is making the loan; at the conclusion of the factoring operation the middleman company that issues the receipt keeps the VAT, because that was the purpose of the operation to feign an interest-bearing loan, and the brokerage firm cannot keep the VAT."

As for the instructions he was given to the effect that he should conduct the special financing operations through factoring only with Inverlat clients, he explained that "the reason was that we were seeking to work with middleman companies that were known for their discretion, and this was possible only when we already knew how these companies worked."

The Inverlat official comments in the document before the notary public that "the way that delivery was made to the companies that were requesting loans and were clients of the brokerage firm in question was through a deposit in their trading accounts so that the amount of the loan could later be issued in a check or credited to a checking account in the name of the authorized customer, with the check coming directly out of an Inverlat checking account."

His account continues: "When the promissory note fell due, the companies that had obtained loans through the operations described above paid with a check made out to Inverlat, which they submitted to the financial adviser. The check was deposited in the trading account of the company paying for the loan, and the computer credits the principal and interest to the Inlat Factoring trading account while the VAT goes into the trading account of the triangulating or middleman company that supposedly made the loan ."

The triangulating company "takes out the amount of the VAT in a check issued by Inverlat, or the amount of the VAT is credited to that client's checking account."

"Inverlat always charges 10 percent of the recovered VAT," Rosas Munoz says almost at the conclusion of his declaration. Last 2 December he was indicted for tax fraud.

The Finance Secretariat's Version

On 12 December the Secretariat of Finance and Public Credit issued a press release on the case, which reads:

"The Secretariat of Finance and Public Credit, through the Office of the Federal Attorney for Fiscal Matters, filed charges with the Office of the Attorney General of the Republic against Ricardo Rosas Munoz, a former shareholder and legal representative of the Grupo Empresarial Atl, S.A. de C.V., for the crime of tax fraud

to the detriment of the federal treasury in the amount of 211,544,463 pesos, which with interest and penalties comes to 733,685,658 pesos.

"Personnel from the Directorate of Auditing and Fiscal Revision detected that from 1 January to 31 December 1987 Rosas Munoz conducted commercial transactions subject to the VAT in the amount of 1,410,296,305 pesos and failed to declare the aforementioned 211,544,463 pesos of that tax .

"Rosas Munoz' illicit actions were detected by the Secretariat of Finance and Public Credit through house searches to gather data from third parties with whom he had conducted transactions.

"The crime took place when Ricardo Rosas Munoz sold his shares and renounced legal representation of the Grupo Empresarial Atl, S.A. de C.V. on 11 October 1986. Nevertheless, Rosas Munoz, who currently works as an account executive with the Inverlat brokerage firm, S.A. de C.V., subsequently conducted loan operations with several juridical persons, portraying himself as a representative of his former firm. Moreover, using false documentation in the name of Inlat Factoring, S.A. de C.V., he entered into purchase contracts, under which he endorsed promissory notes in his own right without responsibility and upon their expiration forged receipts on the letterhead of the Grupo Empresarial Atl, S.A. de C.V.

"When the fraudulent conduct of the federal tax evader was discovered, he was arrested so that he could appear before the corresponding authorities and be tried for his crimes."

Attorneys: Finance Diverted the Investigations

Cesar Fentanes Mendez, the director of the group of defense attorneys of the investors defrauded by the brokerage firms, which began the investigations into the tax fraud, explains in a document submitted to LA JORNADA that the Finance Secretariat's investigations were diverted to protect the brokerage firms, Inverlat in the specific case of Atl.

According to the first orders given to that branch's auditors, they were to investigate an income tax fraud. The legal charges against Rosas Munoz, however, involved the VAT.

Fentanes Mendez, who with a group of about 20 attorneys and accountants detected the different steps in the tax fraud, indicated that the report by accountants Guillermo Gutierrez Granados and Patricia Vazquez Gonzalez, who were working for the General Directorate of Auditing and Fiscal Revision, suffers from several flaws.

By cross-checking data, he found that several companies, such as Nissan, worked not only with the Grupo Empresarial Atl-Inverlat but also with the Council of Business Services-Operadora de Bolsa, in what the brokerage firms called "financial planning" and that on many occasions besides their profits they charged three percent on the total of the transactions conducted.

In both cases Cesar Fentanes' group of attorneys underscores: "Inverlat, for example, was not bothered at all by the fiscal authorities, even though, according to statements that taxpayers with sham transactions have put in writing, it was actively involved, as several documents demonstrate."

According to the investigations conducted by the judicial office, which consist of more than 5,000 pages of files, Inverlat and Operadora de Bolsa were not the only ones who engaged in tax fraud; so did the other brokerage firms. The fraud is thus estimated, with interest and penalties to date, at approximately 24 trillion pesos.

The investigation, which lasted almost 2 years, was submitted directly to the Office of the Attorney General of the Republic, whose agents also took part and ascertained that several crimes were committed.

A document of the National Securities Commission that LA JORNADA has in its possession explains that Inverlat is not able to provide the documentation supporting the transfer operations between clients and account 453926 of the Grupo Empresarial Atl, "including all of the group's letters of instructions concerning cash movements, as well as, in general, the letters from several clients who were asked for letters of instruction on the transfer of securities and cash."

The same letter, signed by the adjunct general manager of administration and finance of the National Securities Commission, indicates that "Ricardo Rosas Munoz removed the file when he left his job at this company (Inverlat) on 14 March 1988."

In each of his statements to the Public Prosecutor's Office, Rosas Munoz himself explains that all of the activities that he carried out at Inverlat were on instructions from the brokerage firm itself, except the VAT that he himself kept and that he spent on "travel and lawyers."

Investigators Call for Precautionary Attachment of CETES

Attorney Fentanes Mendez' general conclusion is that the tax fraud was perpetrated through CETES and, thus, that "all CETES in the possession of the brokerage firms must urgently be attached as a precaution until the fiscal authorities determine how these securities instruments of the Federal Government were misused."

In this regard, Paragraph 21 of Article 77 (exemptions) of the amendments to the Income Tax Law that were approved late last year covers the interest on foreign-currency bonds that are issued by the Federal Government or by its financial agents and that establish an exemption from this tax, and on bonds or savings plans with an unconditional guarantee of payment from the Federal Government itself."

"As well as the premiums that derive from said bonds or savings plans that are received through the drawings provided for in the law.

"Also in the case of interest on certificates and promissory notes of the Treasury of the Federation or on discount bonds of the Federal Government, as long as the following requirements are met:

"a) That the securities be acquired or, when appropriate, be transferred through credit institutions or brokerage firms and remain throughout the entire holding period on deposit in said institutions or brokerage houses, in the accounts that the natural persons who own the securities maintain for that purpose.

"b) That they not be loaned out.

"c) That they not be transferred upon forward delivery of the securities or, in general, that contracts other than the delivery contract with credit institutions or brokerage firms not be entered into."

Even though for 1989 this law bans exchanges of CETES, the interest on which will not be credited to the owner if they are loaned out, "the deed has already been done, and therefore the CETES in the possession of the brokerage firms must be attached, which would considerably reduce the internal debt of the Federal Government," Fentanes Mendez indicates.

Nevertheless, the tax laws that were passed by the legislative chambers and that went into effect on 1 January exempt brokerage firms from the two-percent tax on company assets. While the brokerage firms used the Treasury Certificates to defraud the government, several officials of these firms gathered around PRI in what was called the Committee of Financing and Patrimonial Consolidation of the Federal District.

Among those on the committee are: Eduardo Legorreta Chauvet (chairman of the Board of Directors of OBSA; Antonio Madero Bracho (also from OBSA), Antonio Ariza Canadilla (from Inverlat), Pablo Brener Brener (from OBSA), Jose Carral Escalante (from CBI [expansion unknown]), Juan Elek Kleine (from Bolsa Interamericana), Roberto Gonzalez Barrera (from OBSA), Ernesto Rubio del Cueto (from Bolsa Interamericana), Isaac Saba Rafoul (from OBSA), Fernando Senderos Mestre (from Inverlat), Carlos Slim Helu (from Inversora Bursatil), Nicolas Zapata Cardenas (from Bolsa Interamericana) and Patricio Zapata Gomez (from Invermexico).

Accompanying them are Angel Borja Navarrete, a shareholder in ICA [Associated Civil Engineers] and Industria de Hierro (the latter trades on the stock exchange); Ricardo Gonzalez Cornejo from the company Casa, the bus manufacturer that provided transportation for Carlos Salinas de Gortari's campaign; Julio Gutierrez Trujillo, the president of IEM [expansion unknown] and a shareholder in Condumex and Crisoba (all three trade on the stock exchange); Enrique Molina Sobrino, the president of the Pepsi Cola bottling company, and Antonio Gutierrez Prieto, the president of Seguinsa, an issuer.

Costa Rica

Arias Supports Perez Actions in Venezuela

PA0103143289 San Jose Radio Reloj in Spanish 1200 GMT 1 Mar 89

[Text] In a communique issued last night, Costa Rican President Oscar Arias said he supported Venezuelan President Carlos Andres Perez and that country's constitutional order.

The communique said: The events in Venezuela have severely tested democracy in that country. Under these difficult circumstances, I must back President Perez and the constitutional order he represents. The seriousness of the situation is indicated by the decision to declare a state of emergency in a country that has not experienced a situation like this for many years.

On expressing our firm support for the legally constituted Venezuelan Government, we, the world's democrats, should appeal to international awareness. This appeal should be based on the premise that our countrys' political stability, social balance, and economic strength depend on, among other things, the fair treatment that our foreign creditors accord to us, the document added.

The communique, issued last night by Arias, expressed support for the Venezuelan Government, which adopted several harsh economic measures related to the government's negotiations with the IMF.

Security Officials Linked to Gunrunning Suspect

PA2702160689 Panama City ACAN in Spanish 2324 GMT 24 Feb 89

[Text] San Jose, 24 Feb (ACAN-EFE)—Two officers of the Costa Rican Public Security Ministry's Special Security Services have been detained for being involved with an alleged Panamanian arms trafficker.

A police report that was released today tells of two officers named Arce and Munoz who, while on a special leave of absence, were employed by Jose Manuel Echevers, a Panamanian accused of smuggling weapons to Panama.

The officers were on a special leave of absence from 15 January to 15 April 1988. According to reports, during this time the officers used their official identification while working as bodyguards for Echevers. Echevers owned a coffee mill near Panama that was destroyed by an explosion at the end of 1988.

The Costa Rican officers are being detained while the investigation continues. There are also two civilians, a Nicaraguan and a Panamanian, being questioned for possession of banned weapons.

Echevers, who is a naturalized Costa Rican, has denied owning three small arms caches found about 15 days ago in two houses owned by him.

However, Echevers has admitted that he was a friend of Panamanian guerrilla Hugo Spadafora, who was murdered under mysterious circumstances, and Eric Arturo Delvalle, the former president of Panama.

Spadafora's decapitated body was found with signs of torture in September 1985 in the Las Crucitas area near the Panama border. Spadafora had been a critic of Noriega.

Echevers has admitted to being opposed to Noriega and to belonging to the Hugo Spadafora Armed Liberation Front, which, according to Echevers, was founded in Panama to investigate Spadafora's murder.

Echevers told the press at his detention center that the case was a maneuver to "disparage" him and that he was a businessman who wanted to "live in peace" in Costa Rica because he was persecuted in Panama "for ideological reasons."

Minister Denies Existence of Contra Radio

PA2302164089 San Jose Radio Reloj in Spanish 1200 GMT 21 Feb 89

[Text] According to Costa Rican Public Security Minister Hernan Garron Salazar, Nicaraguan officials are constantly complaining about the existence of an alleged clandestine radio station. He said the Sandinists say the Public Security Ministry must close the illegal radio station, because it is used by the contras. He denied that such a radio station exists, because if it did, his ministry would have acted immediately.

Panamanian Newspaper Worker Granted Asylum

PA2402122489 San Jose LA REPUBLICA in Spanish 16 Feb 89 p 15

[Text] According to resolution 001-89 DAJ, asylum has been granted to Panamanian Peter Allen Lyder Mitchel, who claims he is being persecuted by General Manuel Antonio Noriega's government in Panama.

Lyder worked as a translator for EL SIGLO newspaper, which was shut down for the second time on 28 January 1988. Lyder said that 1 day after leaving his office, he was wearing a cap that had the word "justice" written on it and, for this reason, he was arrested by members of the Panama Defense Forces.

According to him, following his arrest he remained kidnapped for 5 days. Lyder said that the military did this to him because he is a member of the National Civic Crusade and a follower of Ricardo Arias Calderon, who opposes Gen Noriega.

Commenting on his persecution in Panama, Lyder said that most of his fellow workers fled to Venezuela because of the dangerous situation in their country.

He arrived in Costa Rica last August and requested asylum, which was granted to him a few days ago. The asylum is based on Articles 31 and 51 of the Constitution and on the Caracas convention on asylum.

The document granting him asylum was signed by President Oscar Arias and Foreign Minister Rodrigo Madrigal Nieto.

Plans To Buy Back Foreign Debt Announced
PA2602184389 San Jose LA REPUBLICA in Spanish 17 Feb 89 p 4

[Report by Wilmer Murillo]

[Text] Costa Rican plans to purchase its foreign debt from creditor banks with the financial support of friendly governments.

Costa Rican Finance Minister Fernando Naranjo and Vice President Jorge Manuel Dengo announced that this decision was one of the new payment plans that were considered to liquidate the country's $1.5 billion debt to foreign banks.

Finance Minister Fernando Naranjo said a meeting with creditor banks is scheduled for 28 February in New York. Costa Rica hopes that at that meeting the banks will respond to the payment proposal the Arias administration made several months ago.

Although he declined to give details regarding the scope of the proposal, Naranjo said if an agreement is reached a plan will be prepared at the meeting to make very significant reductions in the foreign debt.

In July 1986, the government proposed to its 150 creditors to pay its $1.5 billion debt, at a 4-percent annual interest rate, in 25 years, with a 7-year grace period. So far, there has been no response to the proposal.

The plan to purchase the debt is one of the alternatives that has been proposed. However, the government's basic premise is that it cannot pay its debt under the terms and conditions originally agreed upon.

So far, no proposal has been chosen. However, Costa Rica unilaterally suspended payments of the debt by adjusting debt servicing to the country's ability to pay.

Based on this decision, which after 2 and ½ years has set a "precedent" for the country, $200 million in interest has accumulated. This interest has been accumulating since 1 July 1986, when the country began to pay just half of the amount it had pledged to pay.

The finance minister said the formula that is now being proposed will bring relief to the economy. In fact, it would make no sense to negotiate the foreign debt with private banks if we had to pay more.

He also said that if the proposal is approved, it will be implemented in two phases. The first phase will be implemented in the 1st half of this year, and the second phase in the 2d half of this year. He declined to comment further.

However, it has been learned from government sources that the government has a good chance of purchasing its foreign debt from commercial banks at a rate of 12 cents to the dollar.

However, there is concern that once the country is able to pay at that rate, the price of the foreign debt will rise. That is why the government prefers to act cautiously and declines to give further details of its plans.

Costa Rica owes $1.5 billion to banks out of a total debt of $3.7 billion (more than half its exports) to multilateral organizations.

El Salvador

FMLN Replies to Army Cease-Fire Announcement
PA0103193689 (Clandestine) Radio Venceremos in Spanish to El Salvador 1819 GMT 1 Mar 89

[FMLN General Command communique on the cease-fire announced by the Salvadoran Army; issued in El Salvador on 1 March. San Salvador Radio Cadena YSU in Spanish at 1730 GMT on 1 March carries an identical version of this communique, read over the phone to the radio station by an unidentified FMLN General Command spokesman in Mexico City]

[Text] We announced our decision yesterday to agree to a meeting with the government on 4 and 5 March in the capital and to order a unilateral cease-fire for the meeting. To date, we have not received a reply. What we have heard is the announcement of an alleged unilateral cease-fire by the Armed Forces. That cease-fire was announced through Coprefa, the Army's department of psychological warfare, in a brief communique. The call for us to reply with a similar gesture was made by [Minister of the Presidency] Colonel Lopez Nuila, a member of the Christian Democratic Party [PDC] who was practically expelled from the Army.

In view of this:

1. We demand a serious reply from the government to our communique on the meeting in the capital.

2. We believe the alleged Armed Forces unilateral cease-fire will not stop repression in the cities nor will it withdraw the troops from their operations in rural areas. It is a publicity stunt to show flexibility and to gain political support for the PDC.

3. We demand that the Armed Forces abandon their inflexible and intransigent attitude of refusing to negotiate and agree to a bilateral cease-fire with serious and formal commitments to the people and the international community. In this sense, we urge them not to fear discussion and to keep in mind our viewpoints. We will be totally open to their viewpoints.

There is no precedent of a war that was solved without negotiations and without the establishment of commitments, unless it was resolved militarily.

A cease-fire that is not agreed upon by both sides is not real. This is an underhanded and covert war, and we already know the history of the Armed Forces in waging dirty, underhanded, and covert wars. There have been 70,000 Salvadoran victims of that type of war. That is why we have stated that the achievement of a definite cease-fire and the recognition of a single army in the country entails clearing up and determining the responsibility for crimes and massacres that cannot go unpunished. Otherwise, there would be no chance for a real democracy.

We are interested in discussing with the Armed Forces their positions and proposals.

Finally, we reiterate:

1. As soon as we agree on a date for the meeting in the capital, we will order a halt to the offensive operations on all those fronts where the Army has withdrawn its forces and dismantled its operations. Likewise, we will suspend the sabotage of urban operations during the duration of the meeting.

2. Our willingness to negotiate and to agree with the Armed Forces on a cease-fire that will establish clear and serious commitments for both sides.
[Signed] FMLN General Command
El Salvador, 1 March 1989

Accuses Army of Violations

PA0203025489 (Clandestine) Radio Venceremos in Spanish to El Salvador 0038 GMT 2 Mar 89

["FMLN press bulletin" issued in El Salvador on 1 March]

[Text] On 28 February 1989, the Army explained through its official mouthpiece Coprefa that the cease-fire it had unilaterally decreed does not affect its patrol missions and the presence of military posts in guerrilla areas. That explanation reveals the inconsistency of the unilateral cease-fire. It shows that there is no commitment to end the hostilities behind that Army measure. Instead, it reveals the need to support the Christian Democratic Party's election ploys. The death threats against Humberto Centeno, the arrest of professor [name indistinct] on 7 June, the arrests of members of the Salvadoran Workers National Union Federation and of Balmore Arevalo, leader of the Bread, Land, Work, and Freedom Movement, as well as the soldiers' armed attack on the university carried out early this morning, constitute the clearest indication of the Armed Forces' true intentions.

Moreover, the Army has begun to violate its alleged cease-fire in several areas of the country. Today, 1 March, at 1130, troops from Military Detachment No 4 entered the (Coateca) zone in the area called (Deguecho) Hill with the support of two helicopters. These soldiers are also carrying out operations in northern San Miguel Department near Cacahuatique Hill, Tres Calles, and Chalatenango.

The FMLN has made a responsible proposal, and different groups in the country have considered the feasibility of that proposal. The not so serious manner in which the Army and the government are trying to distort those proposals and the expectations it has generated can harm the good course the search for peace has taken.

El Salvador, 1 March 1989

Government Commission Formed To Meet FMLN

PA0203045089 San Salvador Canal Doce Television in Spanish 0320 GMT 2 Mar 89

[Report by Marco Antonio Guevara]

[Text] [Guevara] The presidents of the legislative and executive branches held a long meeting this afternoon in which they agreed to jointly form a government commission that will talk with the FMLN as soon as possible.

The meeting was held at the presidential palace and, according to the agreement, the details for the dialogue with the FMLN will be agreed on once the Legislative Assembly appoints its delegates to the commission and expresses the terms of their mandate. Therefore, it is not yet possible to provide information on the day, time, and place of the meeting with the FMLN.

[Begin recording] [President Napoleon Duarte] We are now forming the government commission, which will have to meet and study the current proposals and agree on a position in accordance with the views each government branch has.

[Legislative Assembly President Ricardo Alvarenga of the Nationalist Republican Alliance, ARENA] After meeting with President Duarte, we agreed that the Legislative Assembly will appoint a Legislative Assembly delegation to be part of the government commission. We want to form the government commission so the talks with the FMLN can begin. We will try to form that commission as soon as possible.

I believe we will not hinder or delay at all the formation of the commission so people do not think it is not a decision. [sentence as heard] [end recording]

[Guevara] It was also said that the agenda for the dialogue with the FMLN would be an open agenda without conditions. The government, however, asked the guerrilla movement to prove that it seriously wants to attain peace by suspending its attacks in a unilateral manner, as the Army has done, to create the right atmosphere for the dialogue.

[Begin recording] [Duarte] We will discuss how and what we have to do to ensure that the FMLN definitely ends the armed struggle. This is what we must sit down to discuss. However, to be able to hold talks, the people must see the signs of peace and feel that the peace efforts are for real. This is why the two sides must give proof of our commitment.

[Alvarenga] If we decide to or make a political decision to pave the way to peace, we must also make some observations, which is why the president said—and I repeat what he said—we must tell the FMLN that to begin such talks, they must suspend their activities as a commitment that would allow them to participate in a discussion without pressure. [end recording]

[Guevara] The government's political activity this afternoon here at the Presidency could be interpreted in two ways: There is a political change by ARENA toward the dialogue, or certain reactions by some ARENA officials toward President Duarte's proposal were too hastily made.

However, the positive and important aspect of today's meeting is that in a dialogue with the FMLN, the government would be represented by the two branches of the state—the legislative and executive branches—and by two important political forces of the country, ARENA and the Christian Democratic Party.

Zamora Comments on Commission, Cease-Fire

PA0203045189 San Salvador Canal Doce Television in Spanish 0325 GMT 2 Mar 89

[Text] The Democratic Convergence [CD] has described the creation of the government commission for the talks with the FMLN as another step in the right direction.

CD leader Ruben Zamora described the creation of a commission formed by the legislative and executive branches as a positive step. Representatives of the two branches today held a 4-hour meeting at which they agreed to form that commission. The commission will meet with the FMLN to discuss all matters regarding the FMLN proposal and the government counterproposal, although Zamora warned that all efforts are now in a race against time.

[Begin Zamora recording] I believe that if the meeting between the government and the FMLN does not take place next week and if results do not come out of that meeting, it will be too late to do anything. I believe everything will depend on whether the opposing parties can begin talks over the weekend or can make arrangements over the weekend to hold a meeting next Monday or Tuesday.

I believe the decision to form a government commission is another step in the right direction. The CD believes that steps are being taken but that the Christian Democratic Party and the Nationalist Republican Alliance take too long to take each step. We get the impression that they are trying to exhaust all possibilities for a solution so they can eventually say: Too bad, we cannot do anything, because election day is around the corner now. That is our concern. [end recording]

Zamora described the truce unilaterally declared by the Salvadoran Army, which is to last until 1 June, as demagogic.

[Begin Zamora recording] To declare a unilateral cease-fire for a 3-month period—March, April, and May—as Duarte is doing is simply a demagogic strategy. That is not feasible. In other words, a 3-month cease-fire without having any rules supporting and defining that cease-fire would seem to any moderately intelligent person an inadequate step, because an incident would soon take place and end that cease-fire. [end recording]

The CD leader added that what the people want is a permanent cease-fire, which will only be reached once the opposing parties sit down to talk sincerely and without putting their personal interests above everything else.

Vides Casanova on Duarte's 'Feasible' Proposal

PA0203133989 San Salvador EL MUNDO in Spanish 28 Feb 89 p 3

[Text] Defense and Public Security Minister General Carlos Eugenio Vides Casanova said yesterday that the counterproposal presented by President Jose Napoleon Duarte is feasible, although difficult to implement because it has to be agreed upon by all branches of government.

In statements to journalists, the high-ranking military chief said the Armed Forces is the most interested party in achieving peace because they "contribute the dead and wounded" while the people live in anguish and without social and economic development.

"It is feasible but difficult," Gen Vides Casanova commented, because the FMLN proposal includes aspects that fall outside the nation's constitutional framework and require a thorough study.

According to the officer, the problem with Duarte's counterproposal is that the Army alone cannot begin the talks; it needs the consent of the legislature, which is controlled by the Nationalist Republican Alliance (ARENA).

Ricardo Alvarenga Valdivieso, president of the Legislative Assembly, reiterated yesterday that 19 March is the unpostponable date for the presidential elections, and he warned that missing that deadline would violate the Constitution.

"That is why," Vides Casanova added, "this will depend on the decision of the three branches of government...a consensus must be found among other political forces and the three branches of government."

In addition to proposing that the guerrillas and the Armed Forces begin a unilateral cease-fire (from today to 1 June) and start to hold talks, President Duarte said he agrees with the postponing of elections until 30 April.

This last point is what the right wing, which has a majority in the Legislative Assembly,, finds difficult to accept. According to the law, the Assembly would have to decree the beginning of official talks with the insurgents.

The Armed Forces have maintained their position—that to accept the FMLN's proposal would be to play into the FMLN's hands—and on several occassions they asked the political parties not to fall for this rebel "stratagem."

The Armed Forces' inability to reject or accept the guerrillas' proposals is based on the fact that if they reject them, they would lose international prestige but gain at home; if they accept them, they would win international prestige but experience internal discord.

San Salvador Archbishop Msgr Arturo Rivera y Damas said Sunday that the Armed Forces is one of the sectors that has the greatest impact on the country's life and should therefore be involved in peace talks.

"They are a fundamental part, and if they do not participate in the dialogue it means the war will continue," the archbishop said, adding that "however, I do not mean to say that they are the only ones responsible, because there might be other sectors that are responsible; the problem is complex."

Guerrilla Leader Views Proposals, Talks

PA0103220289 Paris AFP in Spanish 1927 GMT 1 Mar 89

[Report by Jose Zaldua]

[Text] Managua, 1 Mar (AFP)—Salvadoran guerrilla Commander Ana Guadalupe Martinez today reiterated the FMLN's position in favor of a dialogue with the government of Jose Napoleon Duarte as long as it agrees to discuss the points listed by the regime in its latest proposal.

In an exclusive interview with AFP, Martinez said here that the guerrillas believe that it would be more appropriate to hold negotiations in El Salvador but noted that "the site issue will be no obstacle to holding the meeting."

The commander explained that her organization believes that if the peace talks cannot take place in San Salvador, then the safety of the FMLN representatives would have better guarantees in either Mexico or Costa Rica.

On Tuesday the FMLN accepted the proposal to talk with President Duarte if the proposal it presented on 23 January in Mexico is also discussed. That proposal calls for the reduction of the Army from 50,000 to 10,000, the disbanding of the security corps, and trials for war criminals. The FMLN also asked that the Army remain in its barracks for the duration of the talks.

Meanwhile, the Salvadoran Army—in response to Duarte's proposal for peace in El Salvador—has decreed a 3-month truce beginning today and has asked the guerrillas to do the same.

The guerrillas have said that they are also in favor of a truce but did not set a date for it, saying only that a cease-fire would take place to improve the climate for the peace talks.

Martinez said that the conflict "must end peacefully because otherwise the resulting social turmoil would have unforeseeable consequences."

Martinez pointed out that despite the fact that Salvadoran political parties "are increasingly challenging the Salvadoran Army with their prodialogue position," that institution "has not yet realized that the war could have an end favorable to all."

Regarding future U.S. Government positions, Martinez said: "Our main concern is that the U.S. Government may decide to become involved in the conflict again by unconditionally supporting President Napoleon Duarte's proposal."

Martinez explained how the guerrillas see it: "This would mean falling back into the situation we had before, and this is why we believe that a flexible position is the most suitable one to have so that the Salvadoran forces may seek agreements without imposing political prejudices."

On Monday the United States enthusiastically approved the peace plan proposed by Duarte, who on Sunday proposed to the guerrillas that a cease-fire and the beginning of negotiations in Guatemala be decreed to consider the possibility of postponing until 30 April the elections scheduled for 19 March.

Duarte also suggested a plebiscite to determine if the elections could be held, as the guerrillas proposed, on 15 September, and to allow the branches of state to search for a constitutional solution to the postponement of the elections.

The Army, however, is the FMLN's leading concern and, according to Martinez: "The Army will be convinced that it is possible to end the conflict through peaceful means when they are persuaded that is it not possible to continue the war."

Martinez added: "The situation has changed rapidly after the challenge was made by the political parties that participated in the dialogue with us in Mexico" last week.

The guerrilla leader also pointed out that peace in El Salvador would "decisively" influence regional stability and "we explained that to the Central American presidents a few days prior to the summit" held on 13 and 14 February.

Commander Martinez concluded by reaffirming that the FMLN is convinced that "a political solution to the conflict is possible because domestic and international conditions favor this sensible position."

Zamora Praises New FMLN Proposal

PA2502230889 San Salvador Radio Cadena YSU in Spanish 1800 GMT 23 Feb 89

[Report on statements by Democratic Convergence leader Ruben Zamora by unidentified reporter; date and place not given]

[Text] Democratic Convergence [CD] leader Ruben Zamora has said that the new FMLN proposal eliminates the only constitutional obstacle within the original FMLN proposal concerning the current Salvadoran president's holding office following the expiration of his constitutional term as president:

[Begin Zamora recording] We believe that the FMLN's agreement with the appointment of a provisional president means—as the CD has said from the very beginning—that the only constitutional obstacle to the FMLN proposal has been removed.

The new FMLN proposal states that a cease-fire will begin immediately after a political agreement is reached. In other words, the proposal makes possible the immediate attainment of peace in El Salvador.

We have no reason to postpone peace until we receive the results of the elections, which could be in August or September. We could have immediate peace in the country because the FMLN has agreed to a cease-fire as soon as a political agreement is reached regarding the postponement of elections and so on.

The CD believes that the FMLN's position, expressed in writing in the proposal, and the three points the FMLN has presented with regard to its willingness to put a permanent end to the armed struggle, to join national political life, and to recognize the existence of a single legitimate Army are commitments that the FMLN is willing to make to allow negotiations to take place at this time to reach a permanent peace in our country. We believe that the FMLN took an important step toward peace at the meeting in Mexico. [end recording]

Regarding the possibility of the provisional president being a member of the Nationalist Republican Alliance, the CD said it would abide by that decision.

Coprefa Comments on New FMLN 'Strategy'

PA2602154989 San Salvador EL DIARIO DE HOY in Spanish 25 Feb 89 p 4

[Text] During a restricted news conference yesterday with local and foreign journalists, Coprefa revealed FMLN political-military plans, which are already under way, to provoke a mass insurrection in reply to an alleged sacrifice of the FMLN in exchange for the elimination of the Nicaraguan "contras."

The announcement by Coprefa Director Colonel Galileo Torres was based on videotapes and documents dated December 1988, which were confiscated from guerrillas in military operations during the past few weeks.

The videos show terrorist "Commanders" Jonas and Balta training leaders of armed groups in the eastern part of the country. In addition to trying to keep up the guerrilla leaders' morale, the commanders explained the military and political maneuvers to be carried out between January and March.

In the military field, the terrorists are supplying recently recruited guerrillas with Soviet, Chinese, and North Korean equipment which, according to military sources, was provided by Nicaragua through supply channels in Jucuaran, Usulutan Department.

The weapons, sent in boats, were Soviet-made AK-47 rifles, which are more efficient than the ones traditionally given to "new combatants." According to the military, the FMLN's intention is to lift morale at a time when many guerrillas have expressed their doubts regarding a "revolutionary victory." Guerrilla snipers are also equipped with rifles with long-range infrared telescopic sights, to be used against helicopters; grenade launchers; rocket launchers; and ammunition.

Among the terrorists shown in the video are Army deserters Marcelo Cruz and Major Francisco Mena Sandoval, as well as several women and men who look like foreigners.

In the political field, the insurgents have the support of representatives from various leftist organizations that enter the country and meet with the terrorists in the mountains. One of the videos shown yesterday was of a group of so-called internationalists in Jocoaitique—many of whom have been seen in San Salvador during demonstrations promoted by the UNTS [National Union of Salvadoran Workers] and other pro-Communist groups—from Mexico, the Netherlands, the FRG, France, the United States, Switzerland, Belgium, and other countries. Most of them belong to European leftist groups, including some priests, such as a Belgian by the name of Pourcel, sources said.

In the video "Commander Jonas" tells the guerrilla leaders that the military strategy of "a prolonged war of attrition" has changed to a stage of "insurrection" that calls for intensifying the military offensive, which will be backed by a diplomatic and political offensive.

According to "Commander Jonas," the objective is to adapt the FMLN to new changes that are occurring more rapidly than before. Therefore, he said, in addition to military achievements, the guerrillas expect to obtain more results in the near future from the participation of the masses and new forces (front groups, international political support, and militants in political parties ideologically linked to the FMLN). Jonas also mentioned large-scale urban terrorism and the use of artillery.

Commander Jonas told the guerrilla leaders in December 1988 that he expected the Bush administration to do everything the rebels expected Dukakis would do. He stressed that the United States has two main concerns in

Latin America: El Salvador and Mexico. He described the current social, political, and economic situation in Mexico as very serious and explosive.

The terrorist commander then speculates that with Bush's election, "the Yankees are aware that the situation is becoming more complicated. Therefore, they are willing to sacrifice us; they will make concessions to Nicaragua to try to save their interests in El Salvador."

The new FMLN strategy involves what they called the "Special Military-Political Plan" that would begin in January. Military analysts believe this is a clear reference to the peace proposal that involves postponing the presidential election until September.

According to the civilian analysts presented at the news conference, the terrorists then expected—as has since been proved—that the FMLN's political arm—the FDR, composed of the left-wing UDN [National Democratic Union] and MNR [National Revolutionary Movement], who are part of the Democratic Convergence, as well as liberal clergymen and organizations taking part in the national debate, would infiltrate trade unions and front groups to back the postponement of elections.

Col Torres said the FMLN is stalling for time to promote its insurrectional plan that would "cause mass uprisings in the capital and the country's most important cities between July and August." The object of this, according to civilian analysts, is to sabotage the elections and step up terrorist actions to attain power.

Col Galileo Torres added that the Army expects there to be looting and ransacking of businesses, attacks on cities, looting of IRA [Institute of Supply Regulation] granaries, and dissemination of supplies, along with other operations aimed at promoting anarchy and totally demoralizing citizens.

With the obvious purpose of countering rebel leaders and their subordinates' fear that the guerrillas have not made any tangible headway, Jonas and Balta congratulated each other over the diplomatic success achieved by the tour to South America and Europe by "Commanders" Villalobos and others, "which served as an offensive blow to the country's interior because it became part of the national debate, thus showing the masses the road to power," they said.

Jonas and Balta reiterated that the FMLN's new strategy has three aspects: "A) Increase military offensives; B) Ensure the start of the masses' insurrectional project; and C) Formulate a totally new political power that should take into account the national and international situation."

Justice Minister Requests Trial of D'Aubuisson

PA2602132689 San Salvador Radio Cadena YSU in Spanish 1800 GMT 24 Feb 89

[Report by Milton Grimaldi on interview with Justice Minister Julio Alfredo Samayoa by unidentified reporters; date and place not given]

[Text] Justice Minister Julio Alfredo Samayoa today requested that the Legislative Assembly begin preliminary trial proceedings against Major Roberto d'Aubuisson, leader of the Nationalist Republican Alliance, ARENA. Samayoa said it is necessary to bring D'Aubuisson to trial for his involvement in the 24 March 1980 murder of Msgr Oscar Arnulfo Romero. The request, presented to the Assembly's senior officers, includes a statement by Amado Antonio Garay that implicates D'Aubuisson in the murder. The request for a preliminary trial against D'Aubuisson is supported by Article 236 of El Salvador's Constitution.

[Begin recording] [Samayoa] I have requested a preliminary trial against Maj D'Aubuisson for his involvement in the murder of Msgr Romero.

[Reporter] Does the government have any other specific political reason for making this request?

[Samayoa] No, no. It is not [words indistinct] country.

[Reporter] What documents support this request for a preliminary trial against D'Aubuisson?

[Samayoa] The request is based on the procedures for preliminary trial in the [words indistinct].

[Reporter] But do you have a rationale for this request?

[Samayoa] It is there, in the request.

[Reporter] Bearing in mind that ARENA holds a majority in the Legislative Assembly, do you think the Assembly will approve the request?

[Samayoa] Some people have already voiced their opposition.

[Reporter] Would you comment on the rationale behind this request?

[Samayoa] We have testimony from witnesses and other statements, such as one by Amado Antonio Garay, that we consider to be valid. We are going to prove Garay's statement is valid with documents and other material from the official files. We will present these documents to the court on Tuesday. A previous court decision had found this witness' testimony to be invalid. We feel the court may have made a hasty decision because it did not have access to the evidence obtained during the investigations. We are going to expand on the testimony of this witness with documents and statements and show that it is indeed valid at the 4th Penal Court. We will also request the arrest of Captain Alvaro Saravia.

[Reporter] On what constitutional article do you base your request for a preliminary trial against Maj D'Aubuisson?

[Samayoa] Article 236.

[Reporter] Does this request for a preliminary trial allow Maj D'Aubuisson to appear in court to explain his involvement in this case?

[Samayoa] If the Legislative Assembly approves the trial, we would have to go to court.

[Reporter] What is your opinion on the appeal submitted by the lawyer for Hector Regalado [one of the people allegedly responsible for Romero's murder]?

[Samayoa] He must have good reason to fear. The commission has not issued an arrest warrant. We have simply asked him to meet with Amado Antonio Garay to see if Garay recognizes him as the [words indistinct].

[Reporter] Have the other four witnesses been arrested [words indistinct]?

[Samayoa] The commission is searching for them [words indistinct]. [end recording]

It has also been reported that the justice minister's request will be presented to the Legislative Assembly next week, and an Assembly commission will analyze it.

Death Squad Reportedly Threatens Labor Leader

PA2602181189 San Salvador Radio Cadena Sonora in Spanish 1700 GMT 25 Feb 89

[Text] [Announcer] We briefly interrupt this program to report some late-breaking news:

A communique has been sent to a local television station by a rightist urban commando unit. The self-styled General Maximiliano Hernandez Martinez Anticommunist Brigade has held a trial in the last few hours during which it sentenced Humberto Centeno, the UNTS [National Union of Salvadoran Workers] labor union leader, to death because, according to the communique, he was the mastermind of the assassination of former guerrilla commander Napoleon Romero, better known as Miguel Castellanos, who was shot to death on the afternoon of 15 Februray at 43d North Avenue and 16th East Street, near the Flor Blanca Stadium in San Salvador. FMLN urban commando units claimed responsibility for Castellanos' murder.

The communique released to a local television station reiterates the threats against humanitarian organizations that do not condemn the violation of human rights by guerrillas, such as the planting of mines.

An UNTS spokesman is here; he will comment on this death threat against Humberto Centeno by rightist commandos and the UNTS response to this:

[Unidentified UNTS spokesman] The UNTS' answer is that the death threats issued against Humberto Centeno by the Maximiliano Hernandez Martinez brigade came from the death squad coordinator: National Police Director Colonel Carlos Guzman Aguilar.

These maneuvers by the Armed Forces are aimed at stopping the labor movement. UNTS has stated that death threats are part of this maneuver. This is why it is urging the Salvadoran people to organize defense committees against the death squads.

[Announcer] Edgar Gomez has talked with Humberto Centeno:

[Gomez] Humberto Centeno will now tell us about his position regarding the death threats issued by the General Maximiliano Hernandez Martinez Anticommunist Brigade.

[Begin recording] [Gomez] How do you view the death threat issued this morning by the General Maximiliano Hernandez Martinez death squad, which has accused you of masterminding the assassination of former FMLN Commander Miguel Castellanos?

[Centeno] I know nothing about this communique. This is the first that I have heard about it. It would be important to find out why (Perem) had my name in all the Salvadoran newspapers a few days after the assassination of Miguel Castellanos. It would be good to investigate who is financing (Perem). It appears that (Perem) has close ties with the Salvadoran Armed Forces high command and with the U.S. Embassy. This leads us to believe that the threat is coming from the Army; that is, from the high command using the cover of the death squads. It would be good if the judicial branch [words indistinct] that we are labor leaders, that we have a clear position. We have no link with any death squads or with political parties. We believe Castellanos' death is a result of a struggle among groups.

As I understand it, the FMLN has denied responsibility for Castellano's death. [sentence as heard] I believe the high command's threats are intended to scare the leaders of popular movements as well as labor leaders. However, it must be clearly understood that no threat to Humberto Centeno or any other labor leader will be able to stop the workers struggle. [end recording]

'Overwhelming' FENASTRAS March Applauded

PA2602030589 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 24 Feb 89

[Text] There is no threat or terrorist action that will stop the rebel, the people's movement. ARDE [Revolutionary Communist Extermination Action] Colonel Hernando Cepeda is 1,000 percent wrong. He thought a bomb would silence the people's protest. The workers' response was overwhelming. At the beginning of the FENASTRAS [Salvadoran Workers National Union Federation] march, the workers placed barricades in front of the labor union offices. Those barricades were a symbol of their strength and willingness to struggle.

The workers march began with that strength and willpower. It spread its populist fire along the streets of San Salvador and in front of an Army and police force unable to contain it.

All the threats, attacks, and tricks of President Duarte, ARENA [Nationalist Republican Alliance], and the Army's High Command instilled fury in the marchers. Four buses were placed on the streets during the march to hinder the National Guard's movement. Near John Paul II Avenue, a gas station was destroyed by the people's fire. Many Molotov cocktails were carried by the demonstrators. Several telephone booths were burned down on several San Salvador streets. Two trucks owned by Salvadoran oligarchic businesses were also targets of the people's fire. The antiriot dogs with their outfits and ridiculous U.S.-made shields did not dare cross the firing line.

The workers marched to the Labor Ministry, where the dictatorship's forces were stationed and ready for combat. Unemployment and labor repression minister [Salvadoran Labor Minister] Tadeo Bernal suffers from permanent fear. He knows very well that he shares responsibility for the searches, break-ins, and attacks conducted by ARDE against the working class. For that reason and in view of the powerful march, Bernal's bullies began shooting the demonstrators. Molotov cocktails again began to fly. Two [word indistinct] vehicles were engulfed in flames near the Labor Ministry.

Pipes, rocks, sticks, and other weapons of the people's movement were used as weapons against the shopping malls owned by the oligarchs. Shop windows were destroyed. The people's fury was also directed at those who finance the death squads.

During the return to the labor union offices, ARDE Colonel Hernando Cepeda sent 50 men, 4 armored vehicles, and 1 jeep equipped with weaponry belonging to the 1st Infantry Brigade to fight the workers. That apparently powerful uniformed squad went to the FENASTRAS offices and faced the barricades, Molotov cocktails, and the shouting and slogans of the people who are rebelling and willing to do anything. All that drove the uniformed men away. For 1 hour ARDE men conducted maneuvers around the FENASTRAS offices. They launched only one tear gas grenade near the journalists and civilians gathered in the area. After 1 hour of impotence, ARDE forces withdrew to their quarters, dragging one armored vehicle that was hit by the Molotov cocktails along with them.

Honduras

Asylum Granted to Nicaraguan Helicopter Pilot

PA0103183489 San Pedro Sula TIEMPO in Spanish 1 Mar 89 p 21

[Text] Tegucigalpa—Government Minister Enrique Ortez Colindres officially announced yesterday that the government has granted political asylum to the Nicaraguan pilot who fled to Honduras in December in a Soviet-made Sandinist Air Force (FAS) helicopter.

Edwin Rafael Estrada Leiva, 27, deserted Nicaragua on 7 December while flying the so-called "flying tank" and reached as far as the Toncontin Airport in Tegucigalpa, where he was intercepted by the Honduran Air Force.

Ortez Colindres said that asylum was granted because Estrada was persecuted for political reasons in Nicaragua.

According to the documents displayed at the Government Ministry, the Nicaraguan deserter requested political asylum on 9 February and the Foreign Ministry decided to grant it.

The Government Ministry granted asylum but did not officially inform the Foreign Ministry of its decision until yesterday.

Estrada Leiva said that "it is sad and regrettable, but true, that Nicaragua is ruled by a despotic regime that maintains its political stability through force and repression."

He said he fled to Honduras with the MI-25 "because of my democratic convictions and because I was afraid I was going to end my days in jail."

Estrada Leiva, a FAS captain, was born on 24 October 1961 in Jinotega Department and is married.

The Sandinist government had asked Honduras to return the MI-25 and the pilot.

The Honduran Armed Forces still have the MI-25, which has been shown to deputies, justices, and reporters as proof of the Nicaraguan Government's military strength.

Honduran civilian and military authorities have not explained why the helicopter has not been returned to the Sandinist government.

Army Authorized To Perform Police Duties

PA0103165489 Panama City ACAN in Spanish 1352 GMT 1 Mar 89

[Text] Tegucigalpa, 1 Mar (ACAN-EFE)—The Honduran Congress today gave the Army the power to reinforce the Public Security Force.

The decision was made by the congress at the request of the Armed Forces, which presented a proposal to reform their bylaws so as not to have limits on their ability to reinforce the police.

Military police have been patrolling the streets of Tegucigalpa for the last week due to the inability of the police to maintain control or check the wave of terrorism that has resulted in 15 injuries and extensive property damage.

The authorization for the Army to carry out police street patrols is based on the condition that the patrols are merited and that they are at the request of the president.

Only one deputy opposed the proposal. Christian Democrat Efrain Diaz Arrivillaga argued that the decision will be interpreted here and abroad as military intervention. The Christian Democrats are the country's third largest political party.

A few days ago, Armed Forces Commander General Humberto Regalado labeled the Christian Democrat's position as "capricious and biased."

President Azcona Meets With Japan's Takeshita

OW2502060889 Tokyo KYODO in English 0509 GMT 25 Feb 89

[Text] Tokyo, Feb. 25 KYODO—Japanese Prime Minister Noboru Takeshita pledged on Saturday to extend more cooperation to the Central American region and to support efforts toward a peaceful solution to problems in the region, Foreign Ministry officials said.

President Jose Simeon Azcona de Hoyo of Honduras told Takeshita his nation continues to assist the process of democratization in Nicaragua despite lingering problems. Last week, leaders of Central American nations agreed in El Salvador to expel the U.S.-backed Nicaraguan Contra rebels from Honduras.

Azcona thanked Takeshita for Japan's support and cooperation and said he was impressed by the cooperation of young Japanese social workers in his country. He said he often plays ping-pong with one such Japanese worker living near his residence.

Takeshita also thanked Azcona for being among the first to express willingness to attend the funeral of Emperor Hirohito and also for supporting Japan in international organizations.

Armed Forces Chief Comments on Peace Prospects

PA0103153889 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 27 Feb 89

[Report on interview with General Humberto Regalado Hernandez, commander in chief of the Honduran Armed Forces, by Julio Armando Valdes in San Pedro Sula on 26 February—passages within quotations marks recorded]

[Text] General Humberto Regalado Hernandez, commander in chief of the Honduran Armed Forces, made a statement at the opening of the fifth meeting of EEC, Central American, and Contadora Group foreign ministers in San Pedro Sula.

When asked about the Central American peace plan, security issues in particular, Gen Regalado said:

[Regalado] "We have reported the latest events in Honduras in order to keep President Azcona informed."

In San Pedro Sula, a bomb exploded. Security measures will be rigorously maintained.

[Regalado] "As I pointed out before, this might be part of a strategy, because when I was at the presidential summit meeting in El Salvador, [Salvadoran Defense and Public Security Minister] General Carlos Eugenio Vides Casanova told me that there had never been as many bombs exploding as that night. In other words, the night before our arrival, a total of 90 bombs exploded. Therefore, it would seem that this is all part of a strategy intended to disappoint visitors, to give them a different perspective of the country and a different opinion about the real situation in Honduras."

In light of recent events in Honduras, security will be increased.

[Regalado] "We are increasing security across the board."

When asked whether he felt optimistic about the fifth meeting of foreign ministers in San Pedro Sula, Gen Regalado responded:

[Regalado] "It seems to me that this is a good opportunity for Europeans to see how we Hondurans live, and—of course—for our officials to ask them for assistance so we can forge our own destiny."

The topic of the Nicaraguan contras will be addressed at this meeting. Gen Regalado was asked about the Honduran Armed Forces' position on disbanding the contras, and he replied:

[Regalado] "The Armed Forces support the position stated by the Honduran Government and by our commander, the Honduran president. It is he who will take positions. I believe this is not a Honduran problem, but a problem affecting all of Central America. For this reason, the Honduran Armed Forces support our president's position."

When asked if Hondurans in general, and he in particular, were optimistic about the prospects for regional peace, Gen Regalado responded:

[Regalado] "As a soldier, I can tell you that I continue to be pessimistic, because I have witnessed three very important meetings: Esquipulas I, the presidential summit in Costa Rica, and the presidential summit in El Salvador. It seems to me that this has been a repetition of all the documents [corrects himself] all the undertakings made by the Nicaraguans. Of course, we have to wait and see what fundamental measures they adopt—even to the extent of amending their Constitution—to provide the freedom that the Nicaraguan people want. From a purely military standpoint, because I know Nicaraguan policies and strategies, I am pessimistic."

When asked to give reasons for his pessimism on this peace, Gen Regalado replied:

[Regalado] "St Thomas said seeing is believing. It has been said that there are fundamental issues that they [the Nicaraguan Government] must address—their own constitution—to show that they are genuinely interested in restoring peace to Central America. For example, I have received reports that a number of prisoners are to be released on Tuesday, 28 February. This should not surprise us, since—as we were telling our colleagues here—it might be a Mariel II, a second Mariel boatlift."

When asked whether he thought Nicaragua's position could be put into practice, Gen Regalado replied:

[Regalado] "I suppose you have heard about the strategy used by a great communist general, who used to say: Talk, talk, talk and fight, fight, fight."

Don't you believe in Central American integration?

[Regalado] "Integration? Integration is one thing, security is another. I might favor integration in the political sense. However, you know the Nicaraguan Armed Forces did not develop as the Honduran Armed Forces did, so we do not undertand each other; we do not speak the same language. The situation is different with the Salvadoran and Guatemalan Armed Forces, which are professional forces, with similar doctrines. So you see, there are differences."

Talking about optimism, the EEC, Central American, and Contadora Group delegations have expressed optimism during their meeting.

[Regalado] "In that sense I am also optimistic. After learning some of the aspects discussed at the meeting in Caracas, Venezuela, I do share the political optimism that exists. I believe that now not only Central America will make sure that Costa Rica... [corrects himself] Nicaragua complies with the agreements, but that all of Latin America will make sure that the agreements—which the Nicaraguan president again ratified at the Salvadoran presidential summit—are complied with."

What investigations have been made regarding the explosives found in La Ceiba?

[Regalado] "I think the commander of the 4th Battalion was surprised with the discovery. As you know, there was a recent change of command there. However, I believe the regional commander did the right thing, as he had no knowledge that such a large amount of explosives had been stored at a house without proper protection. Furthermore, in view of the current situation, those explosives had to be protected."

There are approximately 13,000 contras in Hondruas. Will the Armed Forces disarm them?

[Regalado] "No, our president has already said that he will not use the Armed Forces to disarm the contras. As you know, a period has been established to develop a plan for the contras' demobilization. Of course, developing this plan will take time. There are things, however, that I cannot understand. While there are talks about negotiations between the contras and the Sandinist government, you may have read reports where the Nicaraguan president described the contras as a corpse that needs a proper burial. In this regard, it will not be too long before the contras reply by saying that they will show President Ortega that they are not a corpse. In any event, there is a political confrontation that requires careful analysis."

* CONADI Bankruptcy To Cost $200 Million

32480076b Guatemala City DIARIO DE CENTRO AMERICA in Spanish 20 Jan 89 p 11

[Text] Tegucigalpa (ACAN-EFE)—It was reported in Tegucigalpa that the Honduran Government will lose $200 million of the $300 million due to the bankruptcy of its National Corporation for Investment (CONADI).

The coordinator of the commission to privatize CONADI's business firms, Ubodora Arriaga Iraheta, remarked that "with the sale of the business firms declared bankrupt, a recovery of $100 million is expected."

The corporation was created in 1972, to provide financial backing to business firms with circulating capital equal to or exceeding $350,000, for purposes of expanding or diversifying production.

Since the date of its founding, the public entity has been engaged in procuring loans of all types on the international financial market, and served as a backer in the name of the state of Honduras in other private business dealings.

In 1984, it was decided that CONADI itself was in a state of bankruptcy because of an enormous portfolio in default among its leading beneficiaries, which had declared themselves bankrupt without having used the loans to expand or diversify their business firms, or because they had established others.

No judicial action has been taken against the perpetrators of the financial institution's bankruptcy, and Iraheta refused to make any statements or comments regarding what the state's future attitude might be toward the business owners.

Nicaragua

Ortega Warns About Possible 'Disturbances'

PA0103214389 Panama City ACAN in Spanish 2003 GMT 1 Mar 89

[Text] Managua, 1 Mar (ACAN-EFE)—Nicaraguan President Daniel Ortega today warned the opposition that if they continue to criticize the Sandinist Government, it could create a climate conducive to street disturbances, such as those in Venezuela.

"If the opposition continues to foment instability in Nicaragua, they might become the first victims of the wave of street disturbances that they are trying to provoke," the Nicaraguan president added. During a

speech to open the 1989-90 school year today, Ortega blasted the opposition's criticism of recent economic measures taken by the Sandinist Government to curb inflation. These measures include a reduction of public spending, the firing of 30,000 government employees, and cuts in government credits and investment.

If disturbances such as those in Venezuela occurred in Nicaragua, Ortega argued, the crowd "would attack businesses owned by the right wing."

The Sandinist leader blamed the United States and Venezuelan "capitalists" for the disturbances that are taking place in several Venezuelan cities. Ortega said Venezuelan President Carlos Andres Perez implemented an anti-inflationary economic plan similar to the one implemented by Nicaragua.

Ortega said Venezuelan "capitalists" are responsible for the situation in that country because they have invested all their capital abroad instead of in Venezuela. "Venezuela, like Nicaragua, is a victim of an unjust international order," the Sandinist leader pointed out.

The Nicaraguan president also criticized the policy of the "Group of Seven" (the FRG, Canada, United States, Japan, France, Italy, and Great Britain) for "stealing the resources" of underdeveloped countries."

In both Venezuela and Nicaragua, Ortega added, the "right-wing" and opposition media have launched campaigns to discredit the anti-inflationary economic measures taken by the two countries' respective governments. Ortega also praised the "consistent Nicaraguan people" for supporting the economic measures, which aim to stabilize prices and boost production.

'Final Military Escalation' Reportedly Planned

PA0103141089 Managua LA PRENSA in Spanish 27 Feb 89 pp 1, 12

[Text] The EPS is preparing for a final military escalation in Matagalpa and Jinotega. Colonel Hugo Torres, head of the EPS Political Directorate, today said that new clashes between the Army and the rebels will take place in the interior of the country.

Huge amounts of military supplies are being sent to Matagalpa and Jinotega Departments by the Sandinist regime, which is planning a new offensive to finish off the Nicaraguan rebels.

This information was reported in a letter sent to Costa Rican media by draftees at the Las Palomas military base.

The youths stationed in Matagalpa say that more than 300 M-79 grenade launchers, surface-to-air missiles, helicopter rockets, 50 civilian trucks, and 10 Soviet-made T-55 tanks have been sent to the base.

The youths' report also says that Sandinist convoys have transported 70,000 camouflaged uniforms, 7,000 pairs of boots, and 6,000 rolls of toilet paper to the Las Palomas military base.

The transportation of supplies to Las Palomas is under the direction of Lieutenant Carlos Lopez. Other military units such as Las Cuchillas in Jinotega and the San Jeronimo military unit, also in Jinotega, have received even larger amounts of supplies.

The youths' letter also says that high-ranking Sandinists have been forced to mine these two bases for fear that the war materiel might be discovered and that Nicaraguan Resistance rebels may attack.

The report adds that the war materiel is being transported using civilian Kama-3 and Ford trucks driven by military drivers in civilian clothes.

The movement of this materiel is to carry out a major attack—larger than "Danto-88"—to wipe-out anti-Sandinist resistance groups that have been operating in the Matagalpa and Jinotega areas since the Sapoa cease-fire was signed in 1988.

27 Feb 'Attacks' by Honduran Army Reported

PA0203000989 Panama City ACAN in Spanish 2323 GMT 1 Mar 89

[Text] Managua, 1 Mar (ACAN-EFE)—The Nicaraguan Defense Ministry today reported that the Honduran Army has launched new armed "harassments" against a Sandinist military observation post at the Honduran border but did not inflict any casualties.

The source added that on 27 February Honduran troops twice attacked the Murupuchi Sandinist military observation post at the Honduran border, using 81-mm mortars and rifle fire.

These two attacks make a total of nine attacks by the Honduran Army against Nicaraguan border posts in the past 10 days, the brief military report adds.

Arce Compares Reagan, Bush Stances in Region

PA2702164289 Managua Radio Sandino in Spanish 1200 GMT 25 Feb 89

[Text] Commander of the Revolution Bayardo Arce Castano, deputy coordinator of the FSLN Executive Commission, said yesterday afternoon at a meeting of the National Association of Nicaraguan Teachers that the changing international situation no longer allows the United States to continue pursuing its policy of force in Central America. He added that although it is true that the new Republican administration of President George Bush will not become a Sandinist admirer, one cannot say that it would be in its best interest to embark again on a policy of force that has been defeated in Central America. Arce said that the Nicaraguan Government has indications that the new U.S. Administration will not follow Reagan's warlike line. However, it is only logical

to suppose that it will not abandon the contras overnight because they are a manifestation of a policy on the decline due to the changing world situation. Arce stressed the instability that the U.S. policy of force has caused in Central America. He cited as examples drug trafficking activities in Costa Rica; the destabilization of Honduras, in which there are three armies—the contra army, the U.S. Army, and the Honduran Army; the political instability in El Salvador; and [word indistinct] the enormous economic problems faced by the Central American countries.

Central Bank Devalues Cordoba; Fuel Prices Rise

PA0103190789 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 1 Mar 89

[Text] The Central Bank today announced an increase in the official exchange rate. The exchange rate is now 4,200 cordobas to the dollar. The parallel exchange rate remains unchanged.

The increase in the official exchange rate led to a change in fuel prices. A gallon of gasoline will now cost 8,700 cordobas; a gallon of diesel 6,200 cordobas; a gallon of kerosene 5,600 cordobas; and a gallon of aviation fuel 10,500 cordobas. A 10-pound tank of liquified gas will cost 4,600 cordobas; a 25-pound tank will cost 11,600 cordobas; and a 100-pound tank will cost 51,200 cordobas.

* Daily To Offer 'Reliable' Economic Data

* Information Helps Economy

32480085 Managua BARRICADA in Spanish 1 Feb 89 p 1

[Text] Beginning today, the daily BARRICADA will be offering an ongoing service of great interest to its readers. This service is also consistent with the revolutionary government's decision to combat inflation through constant and reliable information on the development of the major indicators of our economy.

The minister secretary of planning and budget, Dr Alejandro Martinez Cuenca, explained that "housewives, trade unions, community organizations, businessmen, and other associations now have available to them a fundamental tool, information, which will allow them to use realistic and objective criteria in keeping accounts, estimating costs, making smarter decisions, and in general, designing strategies and behaviors that are more in keeping with the objectives of the struggle against inflationary phenomena."

Thus, from today onward, information on the prices of the basic items in the family basket in the markets and on trends throughout the month will appear daily in BARRICADA. Other data to be published will include the indicators of consumer prices. See page 4.

* Budget Minister on Goals

32480085 Managua BARRICADA in Spanish 1 Feb 89 p 4

[Article by Alejandro Martinez Cuenca, minister secretary of planning and budget]

[Text]

A. Objectives

The battle against inflation requires continuous and reliable information that will enable all economic, political, and social agents in the nation to become involved in the economic adjustment and to contribute with their actions to the achievement of the country's central objective.

The central objective of the task being undertaken today is to create a consciousness of the nature, meaning, and scope of inflation, and of its repercussions for all of the country's activities, and to give the entire population information on the behavior of this phenomenon.

The struggle against inflation is not just the business of the government and the various apparatuses of the state; the entire population and the various state, mixed, and private economic agents must participate in this effort.

Housewives, trade unions, community organizations, businessmen, trade associations, and other economic agents will have at their disposal a fundamental tool, information, which will enable them to use realistic and objective criteria in keeping accounts, estimating costs, making smarter decisions, and in general, designing strategies and behaviors that are more in keeping with the objectives of the struggle against inflationary phenomena.

On the pages of this newspaper each day will appear information on the prices of the basic items in the family basket in the markets, and on trends in prices throughout the month, along with consumer price indicators. In addition to timely information, the various indicators will be published in series, both weekly and monthly, so that the reader may obtain information on how the figures change and develop.

Content of Indicators

Below we present some brief explanations of the content of the basic economic indicators that are detailed on this occasion.

I. Inflation

It is measured by comparing the behavior of prices in the current month with that of the previous month.

The index (CPI) shows the average cost of a basket of goods and services in the urban center with the largest concentration of population, that is, Managua. It reflects the level of average prices for those goods in all of the markets in the city of Managua.

The monthly changes correspond to the average prices for the month in comparison with the average prices for the previous month, and show the rate of increase in consumer prices.

Since prices do not rise at the same rate in all categories, family expenses are broken down into the principal components, with the respective increases over the previous month.

I.1. Consumer Prices as of 30 January 1989

The maximum, minimum, and average prices for some important products in the population's basic basket are detailed. These prices correspond to the real ones that prevail on the market. Daily surveys are conducted to obtain this information.

I.2. Producer Prices

To determine the most recent behavior of the prices of farm products, the median, maximum, and minimum prices of the principal goods in the sector are presented. The prices are set at the farm and are charged of producers before marketing processes.

II. Exchange Indicators

The official exchange rate is the cost of foreign exchange (dollars) in cordobas for all foreign trade transactions that are carried out through the Central Bank of Nicaragua.

The exchange rate on the parallel market is the cost of foreign exchange (dollars) in cordobas at exchange offices.

So that the public can monitor trends on the parallel market, data related to the volume of foreign exchange that has passed through these exchange offices will also be published.

III. Deposits, Currency, and Interest Rates (see Table III)

The amount of credit granted corresponds to the volume of money that the National Financial System (SFN) lends to producers for the development of current productive activities and investment. The data will be broken down by sector of production.

Data concerning public deposits in the SFN will also be published. These deposits can be either demand deposits, which are current accounts that do not accrue interest for their owners, or term deposits, which are savings accounts that do pay interest.

* Market Basket Described

32480085 Managua BARRICADA in Spanish
1 Feb 89 p 4

[Article by Carlos Becerra]

[Text] Family basket: This is the combination of all articles, goods and services that a typical family buys to support itself and educate its children. The family basket is the sum and the distribution of all goods and services that a household acquires regularly and during a reasonable period (a month) to meet its needs in accordance with its level of income.

Composition of the basket: The family basket contains groceries (rice, beans, etc.), produce (fruits, vegetables, legumes), public services (water, electricity, telephone), medical expenses, transportation, clothing, shoes, medicines, school tuition and supplies, and recreation by members of the household.

Value of the family basket: This is the sum in cordobas of everything the household spends on each of the items it consumes in a month to make up the basket.

Distribution of cost of basket by type of article: Families do not spend the same number of cordobas on each of the items that comprise the family basket. They spend more cordobas on some than on others. If the different expenses are added together and arranged in order from most to least, and then classified into groups (food, clothing, housing), the family knows what requires the largest share of the family budget. Usually families spend more on food than on housing, more on clothing than on transportation, etc.

Consumer price index (CPI): The consumer price index is a number that tells us how much the family basket is worth each month or each year in relation to a year or month that has been selected as the basis for comparison. The year or month that is used as a reference is known as the base year or month, and it is given a value of 100. This is what economists call the consumer price index. Let's look at a simple example: The Lopez family spent an average of 23,684 cordobas for its family basket in 1980; in 1981 it spent 30,078 cordobas for the same basket; and in 1982 it spent 37,630 cordobas. If we use 1980 as the base year and give it a value of 100, we can tell how much the Lopez family basket was worth in 1981 and 1982 in comparison with what it was worth in 1980.

Year	Value of Basket - Monthly Average	Index
1980	23,684	100
1981	30,078	127
1982	37,630	159

If we divide the cost of the basket in 1981 by the cost of the basket in 1980 and then multiply it by 100, we get 127. If we repeat the operation for 1982, we get 159. This means that for every 100 cordobas the Lopez family spent in 1980, it needed 127 in 1981 and 159 in 1982. In other words, what it bought for 1 cordoba in 1980 cost it 1.27 cordobas in 1981 and 1.59 cordobas in 1982.

The family basket: In Nicaragua there are approximately 500,000 families, which makes it impossible to keep track of the basket of each and every Nicaraguan family. To overcome this limitation, the Nicaraguan Institute of

Statistics and Census (INEC) selected the city of Managua, where more than ⅓ of all urban families live, as representative of the consumption of all urban dwellers in the country.

In this city, the INEC carefully researched many households in order to determine their level of income and their spending budgets, and to establish the composition of their consumption. It did so by calculating how much each family spent on each of the items in its respective family basket. With the information that was gathered, the most representative items were selected and an average basket for the Nicaraguan family was established.

The basket contains 179 items, goods, and services, including food and beverages, clothing and shoes, housing, household furniture and furnishings, medical services and health care spending, transportation and communications, education and personal spending, and spending on recreation and cultural activities.

The prices are gathered daily, weekly, biweekly, and monthly, depending on the frequency of family spending. Altogether, 13,000 pieces of information on prices are compiled each month. Prices are observed in a previously established sample of informants and selected from a sample of sales outlets, including the places where most buyers go. The informants include all markets and supermarkets, commissaries, neighborhood grocery stores, and other significant sales outlets.

A team of especially qualified and trained compilers is assigned to gather these prices. The compilers are supervised by experts at the INEC in order to ensure maximum quality and reliability in information gathering. The data obtained from the various markets and sales outlets are carefully reviewed and then processed electronically until the monthly results are obtained.

Basic Economic Indicators as of 1 February 1989

I.1. Inflation

	CPI	% Change from Previous Month
November 88	18412.9	111.80
December 88	41723.4	126.60
January 89	80012.6	91.77

I.2. Percentage Variation in CPI by Component

Category	Nov 88	Dec 88	Jan 89
Food and beverages	76.1	99.0	102.3
Clothing and shoes	226.3	168.7	28.9
Housing	128.7	221.2	75.5
Household furniture and furnishings	154.1	169.0	29.2
Medical services	50.4	66.4	37.0
Transportation and communications	82.9	14.6	924.2
Entertainment and recreational services	131.0	44.0	55.6
Education	80.1	10.5	12.7
Personal spending	175.6	154.9	57.2
General index	111.8	126.6	91.8

I.3. Nicaraguan Institute of Statistics and Census (INEC). Average Consumer Prices of Principal Products in the Basic Basket in Managua at Various Markets: Average, Maximum, and Minimum Prices as of 30 January 1989

Item	Unit of Measurement	Average Price	Maximum Price	Minimum Price
Rice	Pound	475.50	500.00	380.00
Beans	Pound	966.66	1000.00	900.00
Sugar	Pound	2153.00	2200.00	1500.00
Oil	Liter	4166.66	4500.00	4000.00
Salt	Pound	200.00	200.00	200.00
Sliced beef round	Pound	3250.00	3500.00	3000.00
Chicken	Pound	3500.00	3500.00	3500.00
Sliced pork	Pound	3500.00	3500.00	3500.00
Fish	Unit	930.00	930.00	930.00
Eggs	Dozen	2950.00	3900.00	2500.00
Tortillas	Unit	110.00	150.00	100.00
Bread	Unit	925.00	1200.00	700.00
Pinolillo	Pound	1041.66	1300.00	750.00
Laundry soap	Unit	2475.00	3000.00	2200.00
Detergent	Bag	1833.33	2000.00	1500.00
Matches	Small box	1250.00	1250.00	1250.00
Toilet paper	Roll	900.00	1000.00	900.00
Bath soap	Unit	1233.33	1500.00	1000.00
Sanitary napkins	Bag	3200.00	3400.00	2900.00

I.4. Index of Farm Producer Prices at the Farm (Median, Maximum, and Minimum Prices)

	January 1989		
	Median	Maximum	Minimum
Corn, per quintal	23,068.00	35,000.00	9,000.00

I.4. Index of Farm Producer Prices at the Farm (Median, Maximum, and Minimum Prices)

January 1989

	Median	Maximum	Minimum
Beans, per quintal	41,792.00	65,000.00	20,000.00
Rice, per quintal	18,000.00	21,000.00	15,000.00
Sorghum, per quintal	13,964.00	25,000.00	4,600.00
Milk, per gallon	3,697.00	8,000.00	2,000.00

Date: 31 January 1989, INEC

II. Exchange Indicators, Cordobas per U.S. Dollar

A) Official Exchange Rate as of 1 February	2,300.00
B) Parallel Market Exchange Rate	
Purchases	4,250.00
Sales	4,500.00

Currency	Purchases (Cordobas)	Sales (Cordobas)
U.S. Dollar	4,250.00	4,500.00
Colon (C.R.)	49.28	54.21
Colon (E.S.)	714.29	785.72
Lempira	1,214.29	1,335.75
Quetzal	1,545.45	1,700.00
Peso (Mex.)	1.85	2.04

Volume of purchases in exchange offices on parallel market from 23 to 27 January 1989: U.S. $854,728.57

Volume of sales in exchange offices on parallel market from 23 to 27 January 1989: U.S. $1,189.450.13

III Deposits, Currency and Interest Rates

III.1 Deposits

	Nov 88	Dec 88	26 Jan 89
Balances in millions of cordobas			
Demand	78,902.6	116,746.4	171,146.3
Term	3,971.6	10,154.0	17,939.8

III.2 Interest Rates, 15 Dec 88 to 15 Jan 89

Active	
Industrial	51.00%
Commercial	80.80%
Farm	50.50%
Passive	
Savings, 3-6 months	
With raffle	50.00%
Without raffle	50.10%
Savings, 6 months to 1 year	
With raffle	50.10%
Without raffle	50.25%
Savings, 1 year or more	
With raffle	50.25%
Without raffle	50.50%

Panama

OAS Human Rights Commission Continues Visit

Members Visit Modelo Jail

PA0103161889 Panama City Televisora Nacional in Spanish 2300 GMT 28 Feb 89

[Text] Two members of the Inter-American Commission on Human Rights, which arrived in Panama yesterday, visited the Modelo Jail this afternoon. Chilean Jose Miguel Vivanco and Honduran Leon Valladares Lanza met with Major Jorge Correa, director of the Modelo Jail, who answered their questions on the jail's operations.

During their tour of the jail, they observed the prisoners engaged in various tasks and recreation activities and heard comments about the good treatment the prisoners receive. The prisoners carried placards welcoming the visitors and expressing support for General Manuel Antonio Noriega and opposition to U.S. aggression. The members of the commission were able to speak with the prisoners. Maj Correa said he received explicit instructions from Gen Noriega to allow the commission to do its work.

Local Group Protests Meeting

PA0203045389 Panama City LA REPUBLICA in Spanish 1 Mar 89 pp 20, 8

[Report by Reinaldo Labastide]

[Text] The National Consultation and Political Advisory Commission of the Executive Branch has protested publicly because it was not received by high-ranking members of the OAS Inter-American Commission on Human Rights.

Belisario Rodriguez, president of the advisory commission, said that although commission members had been scheduled to meet with the human rights commission delegates at 0900, they were received by Berta Santos C., the OAS commission's lawyer.

Rodriguez said that the members of the advisory commission—which is composed of 16 organizations representing political parties; Indian, women's and student groups; members of opposition parties; and other sectors that participated in the national dialogue—left the table in protest. The meeting was scheduled to take place in a conference room at the Hotel Ejecutivo.

Rodriguez said: "We wanted them to hear about the situation of broad sectors of the population who are suffering from hunger, unemployment, and bad health because of the U.S. aggression that has affected an entire people."

Rodriguez added: "We suspect that the human rights subcommittee is prejudiced and has come to hear only well-known opposition sectors."

For his part, Enrique Victoria, the advisory commission's secretary of information and the press, said he regretted the situation that had developed with the OAS subcommittee. "They have apparently underestimated the importance of this honorary presidential advisory commission, which has been working for over a year to seek solutions to the country's problems in its present state of crisis. The OAS representatives have come to familiarize themselves with the country's problems; it would be logical for them to sit down with us, but they have not done so," he added.

Meets With Chiari

PA0103135989 Panama City Domestic Service in Spanish 1209 GMT 1 Mar 89

[Text] Panamanian Government and Justice Minister Rodolfo Chiari De Leon reported U.S. violations of the Panamanian people's human rights at a meeting with members of the OAS Inter-American Commission on Human Rights [IAHRC], which is currently visiting the country.

During the important meeting, Minister Chiari referred to the retention of funds belonging to the Panamanian people and other U.S. Government measures that are affecting our people in many areas, including health, education, and unemployment.

The IAHRC members' visit to the Government and Justice Ministry lasted 1 hour. During that time, discussions centered on such topics as the 7 May elections, the media, and conditions in Panamanian jails.

COLINA's Boyd on Relations With U.S.

PA2802005989 Panama City Televisora Nacional in Spanish 0333 GMT 27 Feb 89

[Interview with Aquilino Boyd, candidate for second vice president of the National Liberation Coalition, by Luis Manuel Martinez on the "Seventh Day" program—live in studio]

[Excerpts] [Martinez] We are pleased to interview Dr Aquilino Boyd, candidate for second vice president on the COLINA [National Liberation Coalition] ticket. I do not think it is necessary to introduce Dr Aquilino Boyd; the Panamanian people have known him well since 1940, when he returned from Havana, where he was a brilliant student at the University of Havana Law School. He has been a deputy, a founder of a political party, and a diplomat. He has carried out an indefatigable, honest, and firm struggle to defend the country's sovereignty. He has always struggled to reassert the Panamanian people's nationalist spirit.

Dr Boyd, you are familiar with what happens behind the scenes in Washington. Why does President Bush appear so doubtful and slow in outlining his foreign policy—to the extent that there is still neither an assistant secretary of state for inter-American affairs nor an assistant secretary of state for African affairs?

[Boyd] I believe President Bush has taken some time in appointing the new assistant secretary for inter-American affairs because it has taken him some time to organize his cabinet. We all know that he is currently having problems with the appointment of his nominee for secretary of defense, John Tower. The Senate Armed Forces Committee rejected Tower, and the Senate will vote on the nomination next month.

Several months ago Mr Bush decided—and told the U.S. people—that he wanted to establish a bipartisan policy so the most difficult and thorny issues of his administration's foreign policy would be supported by both parties in Congress, where Mr Bush lacks a majority. I believe the most important problems in the region are difficult to solve: the foreign debt; everything concerning good relations between the United States and Mexico; and the Central American issues, particularly Nicaragua and El Salvador.

Consequently, I would say the Panamanian issue does not rate a higher priority than the problems I just mentioned. I think Mr Bush is carefully considering several people who hope to replace Elliott Abrams. President Bush does not want to make a mistake by choosing someone who cannot help him improve U.S. relations with this continent.

Mr Bush is very familiar with Latin American problems, particularly Panama, so I think he will be extra careful when choosing an assistant secretary for this hemisphere. He is a President who will be particularly—and personally, I might add—interested in solving pending issues to normalize relations between the United States and Panama.

[Martinez] Robert Hollander, who has close ties with the Rockefeller group, was first mentioned as a possible assistant secretary for inter-American affairs. Jesse Helms, whom you know so well and who is a member of the Senate Foreign Affairs Committee, vetoed Hollander's appointment. Bernard Aronson, a Democrat, was then proposed for the post so as to promote a bipartisan policy, but the Democrats are not satisfied with him. There is an impasse in the appointment of an assistant secretary for inter-American affairs and an assistant secretary for African affairs. You are right when you say that a certain caution is now observed. It seems the statements and lies about Panama that used to come out of Washington every day have stopped.

[Boyd] Yes, that is right. I believe—as you have well stated—that the United States has lowered its tone toward Panama, but regional problems continue to worsen every day. The five Central American presidents recently met to discuss the Nicaraguan problem. We have reason to feel optimistic that a peaceful solution can be achieved through diplomatic channels for that fraternal nation, which has been subjected to an economic boycott and terrible military pressure from the United States.

I believe that some progress has been made on the issue, but the United States—and Bush himself has said this—feels cautious about the five Central American presidents' agreement for the withdrawal of the contras from Honduran territory, which would allow Nicaragua to achieve democracy and hold elections in February 1990. I think Mr Bush must be very careful now to avoid opposing the Central American countries' decision, because those nations have the right to solve their problems. I might add that the Contadora Group was created with this in mind: to support and promote all the solutions that the Central Americans themselves considered the most appropriate for their countries' military, economic, political, and social problems, without interference or intervention from the United States or any other world power.

[Martinez] Dr Aquilino Boyd, do we agree that Mr Bush seems to have a basic concern: that he must not compound old mistakes?

[Boyd] Yes, that is why he has opted for a bipartisan policy. You may recall that the whole world knew that Reagan's policy toward Nicaragua was a complete failure by the time Bush assumed the Presidency. The United States sometimes gave large amounts of economic and military aid to the contras, and at other times the U.S. Congress blocked these ideas and plans. Because Congress blocked the executive branch's plans, the aid was sent through other channels, violating U.S. laws. The U.S. people rejected this. [passage omitted]

[Martinez] We must now talk about something being mentioned in political circles: Panamanian vice presidents are decorative figures, like a spare tire that is never used. We also hear that Carlos Duque [COLINA presidential candidate], an outstanding businessman and a pragmatic, greatly knowledgable politician, intends to assign duties to his vice presidents.

We hear that Ramon Sieiro [COLINA candidate for first vice president] will lead a team that will be in charge of developing and increasing our agricultural production and that you will be in charge of foreign relations: encouraging them, modernizing them, making them more agile, aggressive, and adapted to the situation of confrontation being experienced in Panama. Experts predict that Panama will be involved in a confrontation until 2000, so the country needs a vice president who can support the struggle at the international level. What do you know about this?

[Boyd] Nothing would please me more than having President Carlos Duque assign me the mission of helping to develop a free, independent, and nonaligned foreign policy as best as I can. I believe a nation's foreign policy must be a true image of its national reality. If our foreign policy is characterized by continuity and stability, then the administration led by Duque as president, Sieiro as first vice president, and myself as second vice president will certainly help improve Panama's image abroad and create a better understanding between all the nations and our country. Specifically, we will help develop relations between the United States and Panama based on mutual respect. Such is the desire of a nation that constantly reasserts its determination to be free, independent, and sovereign. [passage omitted]

Communique on License Plate Issuance Released

PA0203000789 Panama City Domestic Service in Spanish 2237 GMT 1 Mar 89

["Last-minute" communique issued by the Foreign Ministry in Panama City on 1 March]

[Text] In view of the communique issued by Panama Canal Commission [PCC] Administrator Dennis McAuliffe on 28 February concerning the requirements to obtain license plates for vehicles in Panama, and in view of the fact that in the communique they intentionally try again to confuse PCC employees and Panama Canal users through their local and international disinformation campaign, the Panamanian Government makes the following clarifications:

The national tax clearance certificate is the instrument that certifies that private individuals and legal organizations do not owe any taxes to the National Treasury. The presentation of that certificate is required in any administrative transaction if the executive branch determines it so.

It is incorrect to assert that the presentation of the national clearance certificate for obtaining license plates is a requirement applied only to PCC Panamanian employees and to employees of other U.S. Government agencies. That requirement must be fulfilled without any distinction by all vehicle owners regardless of their citizenship, economic resources, profession, or occupation.

The PCC Panamanian employees have been unable to obtain their license plates because they cannot present their national tax clearance certificates to carry out that transaction. They cannot present that certificate because the PCC has withheld the funds corresponding to the payment of the employees' taxes but has not paid that money to the Panamanian Treasury. As a result, the Panamanian PCC employees are victims of an illegal appropriation of money by the PCC.

The PCC employees will obtain their national tax clearance certificates once the PCC pays to Panama the funds that legally and legitimately belong to the Panamanian Government in accordance with the Panama Canal treaties.

The Panamanian Government rejects the assertion that the delivery of license plates to people who have not paid their taxes tends to hinder and interrupt the efficient operation of the Panama Canal. [sentence as heard] On the contrary, at the many meetings held with several canal area associations and organized labor unions, it has been clearly and repeatedly said that the efficient handling of the Panama Canal by the Panamanian employees who work there is the top priority of the Panamanian people and consequently of their government, without any distinctions of creed, race, sex, religion, and political preference.

Panama, which abides by its international obligations, has never violated the agreements found in the Panama Canal treaties, signed on 7 September 1977—and it reiterates its claim. The U.S. Government's nonpayment of the economic benefits, to which Panama is entitled, is another violation of the 1977 treaty. That violation is economically suffocating a traditional friend of the U.S. people.

The Panamanian Government recognizes the patriotic attitude, firmness, and integrity shown by the PCC Panamanian employees during the most serious economic crisis ever experienced by our country, which is the result of U.S. aggression.

Issued in Panama on 1 March 1989

Panamanian Foreign Ministry

Chile

Foreign Minister Meets Counterpart in Tokyo

OW2702023089 Tokyo KYODO in English 0420 GMT 26 Feb 89

[Text] Tokyo, Feb. 26 KYODO—Chilean Foreign Minister Hernan Felipe Errazuriz told his Japanese counterpart Sosuke Uno on Sunday that Chile was considering hosting an international conference to discuss environmental preservation measures to prevent destruction of the ozone layer over the Antarctic region.

Uno said Japan thinks it necessary to familiarize people around the globe with how chlorofluorocarbons (CFCs) destroy the ozone layer which protects the earth from excessive ultraviolet rays from the sun.

Uno promised to study Chile's proposal, Japanese Foreign Ministry officials said.

Both ministers agreed the 21st century will be the "era of the Pacific region," and renewed their pledge to promote bilateral relations.

While Errazuriz stressed that Chile was in the midst of an important political transition to democracy, Uno appreciated Chilean efforts in stabilizing the economy, the officials said.

Uno thanked the Chilean Government for observing a three-day period of mourning for the late Emperor Hirohito and sending Errazuriz to attend his funeral.

Returns From Hirohito's Funeral

PY2802181289 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 28 Feb 89

[Text] Foreign Minister Hernan Felipe Errazuriz has emphasized the high level of our relations with Japan. He returned from Tokyo today after attending Emperor Hirohito's funerals, representing President Pinochet.

During his visit to Japan, Errazuriz was received by Emperor Akihito in a special audience, held meetings with dignitaries from other countries, and met officials from the economic sector in Japan, a country with which Chile maintains a high level of trade.

[Begin Errazuriz recording] Our relations with Japan have been strengthened by our mutual respect, by our country's economic growth, and by the foreign and economic policies pursued by President Pinochet over the past few years.

I believe that our relations are at an excellent level and that our Foreign Ministry and our embassy in Japan have been effective tools to strengthen our ties.

Concerning the outcome of our meetings and other details, I will meet with you after I have reported to the president. [end recording]

South African Defense Minister Arrives

PY2802003989 Santiago Domestic Service in Spanish 2200 GMT 27 Feb 89

[Text] South African Defense Minister Magnus Malan began his official visit today. He was welcomed at Merino Benitez Airport by Chilean Defense Minister Vice Admiral Patricio Carvajal.

Malan plans to visit Iquique, Chuquicamata, and Punta Arenas. He will also conduct several official activities in Santiago.

Situation of Exiles in Norway Investigated

PY2802132189 Santiago Domestic Service in Spanish 0930 GMT 28 Feb 89

[Text] The Norwegian Embassy in Chile has asked the Chilean Human Rights Commission and Catholic church sectors about alleged Chilean political exiles living in Norway. This information has been released by labor union sources which are linked with the case. The sources said that a similar problem may occur anytime in Sweden, where there are a considerable number of Chileans who are illegally living in that country.

The sources added that the vast majority of those who travelled to Norway and Sweden in 1988 have no political problem whatsoever, and this is the answer that was given to the Norwegian Embassy last week. The sources said that these Chileans contacted travel agencies in Valparaiso, sold all their belongings, and went to Norway and Sweden where they said that they were political refugees. To prove their claims they showed counterfeited documents of the Human Rights Commission and of the Vicariate of Solidarity which stated that they were tortured and that they belong to the terrorist Manuel Rodriguez Patriotic Front.

According to the sources, these alleged exiles arrived at the port of Bergen, Norway, where they were stopped. Those who managed to disembark were taken to a refugee camp where they stayed until they convinced the authorities—with their counterfeited papers—that they were exiles.

This dishonesty has been unveiled. It has been disclosed that the alleged exiles are using subsidies, which are financed in dollars by Norwegian and Swedish taxpayers, to spend nice holidays in Chile.

Party Condemns Expulsion of Leader From Panama

PY2802132789 Santiago Domestic Service in Spanish 0930 GMT 28 Feb 89

[Text] The Christian Democratic Party [PDC] has issued a statement strongly protesting the expulsion of leader Genaro Arriagada from Panama to the United States.

The note states: The Panamanian authorities refused to allow PDC counselor Genaro Arriagada to enter Panama, and have expelled him. This measure is just

another abuse by the Panamanian regime, which affect our brothers, the Panamanian people, and those who express their solidarity with their struggle.

Genaro Arriagada traveled to Panama at the invitation of the opposition to the regime of General Noriega. Arriagada wanted to share his knowledge and his experience of our own democratization process. Abuse and injustice have now prevented Arriagada from sharing his experiences.

The statement concludes by emphatically condemning the incident, and by expressing solidarity with Arriagada.

Argentine Military Patrol Violates Border

PY2802193189 Santiago Domestic Service in Spanish 0930 GMT 28 Feb 89

[Text] Defense Minister Patricio Carvajal has stated that the Foreign Ministry is studying the case of an Argentine armed patrol that entered Chilean territory near Talca, in order to lodge the appropriate protest with the Argentine Government.

There is no reason to trespass the border in a well-marked area, Carvajal stated. He considered the situation serious.

The incursion by two jeeps carrying Argentine military personnel in the Pehuenche zone, 400 meters inside Chilean territory, has been reported by carabineros from Talca. This incident took place last Thursday.

Undoubtedly, an international border cannot be trespassed, especially not by an armed patrol, the defense minister stated. He added that the Foreign Ministry is studying the situation thoroughly to lodge a protest and demand the appropriate explanations from the Argentine Government.

Navy Reports on Oil Spill From Peruvian Ship

PY0203012689 Santiago Domestic Service in Spanish 2200 GMT 1 Mar 89

[Report from Punta Arenas by Vicente Caballero]

[Text] The oil spill from the crippled Peruvian ship "Humboldt" is currently 1 km long by 50 meters wide, and it is drifting southwest. This has been reported by Lieutenant Christian Carbone, the 3d Naval Zone public relations officer. He said the port captain of (Findes) Bay overflew the area in an Air Force helicopter and verified the size of this oil spill along with some other long, narrow ones dispersed in the bay.

Lt Carbone reported that the ship is stranded in its same westward position, and that scuba divers have not yet been able to work because of bad weather conditions.

The current weather report in the ship's area calls for a 15 to 20 knot northwesterly wind, 10 km visibility, and occasional rains.

Lt Carbone also reported that the British ship (?"Endurance") has finished evacuating the "Humboldt" crew and transporting them to the Teniente March and (?Korean) bases. [passage indistinct] restricted to the accident area, awaiting midnight to begin operations to verify pollution and to rescue the ship.

Interior Minister Warns of Marxist Terrorism

PY2702154289 Santiago Domestic Service in Spanish 0930 GMT 27 Feb 89

[Text] While visiting a victim of a terrorist attack who is now in the El Salvador Hospital in Santiago, Interior Minister Carlos Caceres warned against Marxist terrorism.

The minister said that three very serious incidents have occurred in the past few days, and that such incidents could have claimed lives and damaged public and private property.

The minister called on the people to remain alert in order to preserve order. He said that the authorities are not soley responsible for this.

[Begin Caceres recording] I believe that these three incidents reveal that the Communist Party—PCCh—has not given up, and that it has not abandoned the position that it has permanently upheld. The PCCh advocates the people's rebellion and violence as a political method. The people should be on the alert in the face of this.

It is the government's duty to preserve public order and the security of the people. This task is not, however, to be undertaken only by the government, but also by all those who want to promote development and the restoration of full democracy in Chile in an atmosphere of peace and tranquillity. The people want clear definitions. The reports that we read in yesterday's papers are unbelievable; the reports said that the PCCh supports the Christian Democratic Party presidential candidate, and that at the same time it advocates rebellion by the people as a method (?to achieve its goals). This is confusing for the people. The government wants all those parties that really seek a responsible democracy to define their position on terrorism. This subject affects not only our society but, I believe, most western societies. This attitude calls for answers [words indistinct]. This calls for efficient, strict action [words indistinct] in the path toward full democracy in peace, order, and tranquillity. [end recording]

Caceres said that no one could harbor any doubt as to who is responsible for the incidents, adding that he believes that whoever reads the PCCh documents will realize that this party claims that the people's rebellion is a legitimate method for reaching power.

Asked about the upcoming plebiscite, he said that they are evaluating the reactions. The government has not yet made a decision, he said.

Concerning the activities of the Marxist Broad Party of the Socialist Left—PAIS—Caceres said that both the government and the public are aware that well-known PCCh members belong to this party. He said, however, that the government is analyzing the situation to see what should be done when the PAIS reveals its platform, because some of its members have said that the party seeks to introduce changes into the democratic institutions, not only through dialogue or debate, but also through violence.

As for the visit to Juan Silva Contreras, who was the victim of a terrorist attack, Caceres said that his doctor, Alberto Perez, has reported that the condition of Silva is satisfactory.

PDC Dismisses Minister's Warning

PY2802131489 Santiago Domestic Service in Spanish 0930 GMT 28 Feb 89

[Text] Christian Democratic Party [PDC] acting secretary Jose de Gregorio has said that the Communist votes for Patricio Aylwin at the upcoming elections will be welcomed, although he warned that no government pact will be signed with the Marxists. He added that the Communist support will not mean, for the time being, any commitment for his party.

De Gregorio, Enrique Kraus, and Juan Carlos Latorre met with journalists who asked him about the remarks made by the interior minister who urged the PDC to adopt a position on the violent methods used by the outlawed Communist Party and to explain an alleged pact with the Marxists.

De Gregorio said that the minister has repeated the same old story. He said that the people know that his party has always condemned terrorism.

PCCh Calls for Protest Rally 11 March

PY0103235489 Santiago Domestic Service in Spanish 2200 GMT 1 Mar 89

[Text] The proscribed PCCh, which is trying to destabilize the Christian Democratic Party's leading role in the opposition, has summoned the public to a protest rally on 11 March in downtown Santiago. This call to the public was made through the Marxist newspaper EL SIGLO, which urged the people to go downtown to repudiate the Constitution.

The PCCh message states that 11 March is the anniversary of the Constitution, but says the Constitution must be repudiated even if it was approved by the majority of the Chilean people. The PCCh reiterates that a future opposition government must abolish this Constitution.

United Left Rejects Call for Plebiscite

PY2802005589 Santiago Domestic Service in Spanish 2200 GMT 27 Feb 89

[Text] The political committee of the United Left has rejected the possibility of holding a plebiscite for a constitutional reform.

The United Left indicated that the government has no authority to call for a plebiscite, and that the opposition has already expressed its opinion about the immediate reforms that should be made to the Constitution.

The United Left emphasized that the result of the October plebiscite is reason enough to make constitutional reforms. The United Left, which is again resorting to tricks, dismisses the idea of a plebiscite similar to the one held last October and states that it will reject any plebiscite that may be held before next June.

The United Left thus indirectly undermines the validity of the talks being held by legal experts of the Christian Democratic Party—leader of the opposition—and the National Renewal about constitutional reforms.

United Left Releases Transition Proposal

PY2802212189 Santiago Radio Chilena Network in Spanish 1600 GMT 28 Feb 89

[Text] The United Left has released its proposal for the transition to democracy. The document outlines measures for five major areas: the current institutional system, human rights, socioeconomic guidelines, foreign policy, and the participation of the people.

United Left leaders indicated that the proposal is the result of a long debate with social organizations. Camilo Escalona [leader of the Socialist Party, Clodomiro Almeyda faction] indicated that the new transition government must dismantle the current authoritarian institutions and build new ones. He said the measures needed to achieve that objective are:

[Begin Escalona recording] The derogation of Article 8, the end of measures against ideological and political beliefs, the reform of the Security Council, clean congressional elections, and the representation of constituent rights in the new national congress. What is the meaning of this proposal? For us the proposal basically means dismantling the current institutions. This means doing away with the current military tutelage over civilian society. [end recording]

Regarding human rights, the United Left advocates the investigation and punishment of violations. Regarding economic policy, Camilo Escalona said that in order to consolidate a real democracy it is necessary to change the current economic structure imposed by the military regime.

[Begin Escalana recording] From our point of view, this is the issue that could create tension during the transition. The measures adopted in this field will play an important role in the future of democracy in Chile. We believe it will

be impossible to sustain democracy, which has great popular support, if the current economic structure is not dismantled. We believe the market economy is a model inherent to the authoritarian regime. [end recording]

Escalona added that the current economic model should be replaced by another that would allow the development of social justice and solidarity.

Regarding foreign policy, the United Left proposes measures to allow Chile to return to its traditional position in the international community. Escalona also said that another important point in the transition government is to give participation to all social sectors of the country. He added that this proposal represents the aspirations of the left, and that it does not contradict the government program being drawn up by the Coalition of Parties for Democracy.

Socialist Leader Views Opposition Candidacy

PM2802151889 Paris LE MONDE in French 22 Feb 89 p 3

[Interview with Socialist Party leader Clodomiro Almeyda by "D. H.-G." in Paris—date not given]

[Text] During his visit to France, Chilean socialist leader Clodomiro Almeyda emphasized the need for a "consensus" on the appointment of the opposition's candidate for the 1990 presidential election. "It would be lamentable if we failed to do that," according to Salvador Allende's former foreign minister who stressed that, if elected, any future opposition candidate "will head a transitional government for 4 years." "His first task," he said, "will be to change the country's existing Constitution which does not allow the existence of a truly democratic regime." Mr Almeyda speaks from experience. He was exiled for more than 13 years after General Pinochet's coup d'etat and then spent 17 months in prison and is now deprived of his civil rights—for 10 years—under the terms of a verdict passed by the Chilean Supreme Court. "This is a strange and abnormal situation," he said, "because I am banned from any social and political activity."

"As regards the December election," the socialist leader added, "it will not be a question of voting for candidate A or B but for or against a change in the Constitution. It is in fact a second plebiscite. Following the 'yes' or 'no' to Pinochet, the same question must be answered with regard to the regime." He says that he is "reasonably optimistic" about this election. It is a relative confidence which he draws partly from the state of mind of the army in which, he said, "fewer and fewer officers want to play a political role. They primarily want to be seen as professionals. Since that is the case, we will have to review the Chilean Army's role as guarantor of public and industrial order. That is a threat to a democratic government." However, Mr Almeyda admitted that such a development "cannot be achieved without resistance from the armed forces."

Anxious to rebuild "the left-wing forces' unity," the socialist leader is relying on the Expanded Party of the Socialist Left (PAIS) and hopes that a "congress will be held on this subject before the elections." With regard to the rest of his foreign tour, which is due to take him to Switzerland, Italy, Spain, and Cuba, the former minister was evasive. Although he is "outlawed" in his country, he wants to return there soon to follow developments. Clodomiro Almeyda, who is 65 years old, is one of the most closely heeded members of the opposition. Gen Pinochet was aware of that when he made him his symbolic prisoner....

MIR Says It Will Not Participate in Elections

PY0103131089 Santiago EL MERCURIO in Spanish 21 Feb 89 p C-2

[Text] The military commission of the Movement of the Revolutionary Left—MIR—has released a communique stating that it will not participate in the upcoming elections and that it will not support any candidates for the presidency or for congress, because "participating in the elections would mean continuing to strengthen the process that gives institutional status to big, monopolistic capital." The communique also said that Jecar Neghme is not an MIR spokesman.

The communique added that "Jarpa, Guzman, and Buchi clearly represent big local and foreign patrons," and that Patricio Aylwin, Andres Zaldivar, and Eduardo Frei "essentially represent the same interests. All of them have been staunch enemies of President Allende." The communique said that Silva Cimma "is their close ally" and that Miguel Enriquez would have never supported the president of the Radical Party.

The MIR communique explained that "three parties" were created in the wake of the crisis in the MIR between 1985 and 1988, and that Jecar Neghme is "a spokesman for a party that abandoned the principles of the MIR program and its main method of struggle."

The communique stressed that Neghme has publicly supported Enrique Silva Cimma, and it added that this "has impaired and distorted the thinking and actions of consistent revolutionaries like Pablo Vergara and Araceli Romo, who forged the MIR military commission." The communique added that "Jecar Neghme does not speak for our party. He is the official spokesman of a party that has split from the MIR, a party that has abandoned two basic principles that have guided the MIR since its creation: the people's democratic program and armed struggle as its main method of struggle."

Dismissed Workers Again Occupy Australian Embassy

PY2802174489 Santiago Radio Chilena Network in Spanish 1600 GMT 28 Feb 89

[Text] Three phone company workers have again entered the Australian Embassy. They began what they call an occupation at 1000 today that will last until the Bond Corporation completely solves the problem involving 205 dismissed workers of the Chilean telephone company.

The three workers are: Miguel Candia, who is treasurer of the National Telephone Workers Unions, SINATE; former SINATE President Rene Mancilla, who has been dismissed; and Arica labor delegate Juan Gonzalez, who has also been dismissed. The occupiers have asked the Australian ambassador to mediate with Bond Corporation in his country. They have also asked that the Australian Government and Congress condemn the multinational corporation.

SINATE released a public statement that says that this action is part of the strike by phone workers, which is slated to begin in the near future.

It has been reported that the occupation is absolutely peaceful.

Telephone Company Offices Bombed in Santiago
PY2802183089 Santiago Television Nacional de Chile Network 1700 GMT 28 Feb 89

[Text] A device which exploded early this morning [as heard] seriously damaged the Nunosa Telephone Company building. The bombing occurred yesterday shortly after 2300 at 340 Irravazabal Street.

According to the experts, the bomb was made up of ½ kg of ammonium gelignite and ANFO [ammonium nitrate fuel-oil blasting agent].

The powerful explosion seriously damaged the facade of the building and shattered all the windows.

The windows of the neighboring buildings were also broken.

Police Find Arsenal in Valdivia
PY2802182189 Santiago EL MERCURIO in Spanish 24 Feb 89 p C-9

[By Arturo Villalobos]

[Text] Valdivia—Yesterday afternoon, Carabineros personnel of the Special Actions Patrols (PAE) found a considerable amount of subversive materiel in the northern access to the city. According to an official report, at 1800 yesterday, Rocura slum residents told the police about some strange objects that were hidden behind some blackberry bushes. PAE personnel found 2 kg of potassium saltpetre, several envelopes with refined sulphur, a piece of pipe that could be used to make grenades, .45 and 7 millimeter ammunition, several tire puncturing devices of various sizes, civil construction iron bars ready to be cut into shrapnel, manuals for the manufacture of explosives and "Molotov cocktails," and subversive literature which was later delivered to other police departments. This materiel was hidden in a type of hideout on the northern bank of the Calle Calle River, in Rocura slum, Las Animas District, in the northern access to Valdivia.

National Intelligence Center Deputy Chief Named
PY2802194689 Santiago EL MERCURIO in Spanish 19 Feb 89 p C5

[Summary] According to a resolution published on 18 February in the official gazette, Army Colonel Marco Derpich Miranda has been designated deputy chief of the National Intelligence Center.

Colombia

Government To Wait Before Talks With FARC
PA0103184689 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 1 Mar 89

[Report by Jesus Garzon]

[Text] The government of President Virgilio Barco today decided not to talk with the FARC until the organization holds its fourth national summit meeting. This information was provided at noon today by Government Minister Raul Orejuela Bueno during a meeting with Social Conservative Party leaders and Rafael Pardo, the presidential adviser for peace. The peace talks with the M-19 were discussed at that meeting.

[Begin Orejuela Bueno recording] The participants have said that they will not take any initiative until the FARC holds its fourth summit meeting. We have said nothing; we are just observers. We will see what happens. [end recording]

During this first meeting with the government, the social conservatives said they firmly support the national pacification policy.

[Begin unidentified speaker recording] We are going to speak with the government minister to receive information on the latest steps taken by the government and the M-19, and then we and the M-19 will decide on the agenda of the so-called work plan, and we will continue to firmly cooperate in support of the peace process. [end recording]

The government has sought an understanding to initiate and maintain dialogues with the political parties and the guerrillas to pacify the country. The Patriotic Union, which was to meet this afternoon with the government minister, stayed out of this dialogue because of the recent attacks on leftist leaders.

UP President Leaves Country Due to Threats
PA0103194989 Bogota Inravision Television Cadena 1 in Spanish 1740 GMT 1 Mar 89

[Report by Liliana Vigoya]

[Text] On 11 October 1987, Patriotic Union [UP] President Jaime Pardo Leal was assassinated. Bernardo Jaramillo Ossa was appointed to succeed him. Since that time, Jaramillo Ossa has been the subject of repeated death threats.

On 18 January 1989, the UP directorate revealed to the press and government that there was a plan to eliminate Bernardo Jaramillo upon his return from a trip to Cuba. On 21 January, Bernardo Jaramillo returned to Colombia and the death threats continued.

[Begin recording] [Jaramillo] While the government claims that we live in a democracy, Colombian citizens cannot live in this country in peace.

[Vigoya] Is there a plan to get you to leave the UP presidency?

[Jaramillo] The goal is to prevent all Colombians from exercising their right to free expression and free thought. I am going to continue working until the second UP congress this July, despite all threats, come hell or high water. I do not think the threats against me could force me to leave the UP presidency, because I will continue to be as threatened when I leave the presidency as I am now. [end recording]

In spite of his stated intention of leading the UP until next July, Bernardo Jaramillo was forced to leave Colombia. Before leaving, he met with Colombian President Virgilio Barco and asked him to guarantee the continued exercise of political activities by the UP.

American Injured in Language Institute Explosion

FL0103013789 Havana Radio Reloj Network in Spanish
1542 GMT 28 Feb 89

[Text] A powerful charge of dynamite went off today in the Summer Language Institute, an entity that Colombians claim belongs to the CIA. One American was injured as a result of the explosion.

The four-story building, as well as other buildings that were only 200 meters away, were affected by the shock wave of the explosion, says the report.

The presence of the Summer Language Institute, whose staff move freely through the violent jungle areas, such as the eastern plains of the country, has been rejected by various native communities, as well as by Colombian cultural and political institutions.

It has also been reported that liberal (?lawyer) Jaime Vallejo was shot to death in the southwest area of Valle del Cauca.

Ecuador

Borja Reports Split in Guerrilla Movement

PA2702220989 Madrid EFE in Spanish
0719 GMT 27 Feb 89

[Text] Quito, 26 Feb (EFE)—Ecuadoran President Rodrigo Borja has stated that the Alfaro Lives Damnit [AVC] guerrilla movement split up when some of its leaders attended a dialogue with the government and laid down their weapons, it was reported today.

In statements to the national press last night, Borja said the guerrilla movement "is divided into two groups; some want to return to constitutional life, accepting the national concerted effort proposed by the government, while others want to continue the clandestine armed struggle."

This was the first time Borja has admitted the dialogue between his government and the AVC "is not working out very well."

The Ecuadoran president appealed to the members of the guerrilla movement to "return to public life," but he warned: "Those who continue the clandestine struggle will receive the drastic punishment they deserve."

According to Victor Hugo Londono, general commander of the Ecuadoran police, there was an AVC member involved in the armed robbery of a Quito bank.

Borja confirmed this information but said he was unaware if the wave of bank holdups in the Quito branch offices was related to the subversive activities.

Armed Forces Official Denies Military Discontent

PA0103140389 Quito Voz de los Andes in Spanish 1230 GMT 26 Feb 89

[Text] Vice Admiral Hungo Unda, chief of the joint command of the Ecuadoran Armed Forces, has said there is no discontent in the military. He denied rumors that top army officers disagree with the presidential decision to pardon the Taura Air Force soldiers who kidnapped former President Leon Febres- Cordero.

The allegations of discontent came following televised remarks by Febres- Cordero. Febres- Cordero said Army officers had questioned the decision in a communique. Military and political sources rejected that report, the newspaper HOY stated. Vice Admiral Unda said there is no unrest in the Armed Forces because they are devoted to their specific duties and are always ready to guarantee democracy and the Constitution.

He reiterated that the pardon of the former Taura Air Force soldiers is a matter that has already been judged [1-minute break in reception].

Peru

* IU Congress, Barrantes Candidacy Viewed

33480221a Lima EQUIS X in Spanish 30 Jan 89 p 12

[Text]

IU Congress Postpones Decision

Although the election of Senator Jorge del Prado as one of the presidents of the motley National Congress of United Left [IU], which was held in Huampani from Thursday the 16th to the early morning of Monday the 23rd, prompted a wide range of reactions from the more than 3,000 delegates in attendance at the plenary session, including whistles, we could say that centrism and conciliation, as

represented basically by the PCP (Unidad) [Peruvian Communist Party-Unity Faction], triumphed at the convention. A choice between the opposing positions of the PUM [Mariateguist Unified Party] and Socialist Convergence, which is led by the former mayor of Lima, Alfonso Barrantes Lingan, has thus been postponed.

Nonetheless, no one knows how long this precarious, unstable balance will be maintained, inasmuch as no sooner had the event concluded than Socialist Convergence resumed hostilities with a full-page advertisement in the newspaper LA REPUBLICA last Wednesday. It charged there that through "bureaucratic, manipulatory and antidemocratic maneuvers" the provision of the bylaws stipulating the election of 55 percent of the National Steering Committee (CDN) of IU by the direct, universal and secret ballot of the assembly delegates had been violated and that an accord negotiated between top echelons had been imposed. For this reason "Socialist Convergence does not recognize the antidemocratic and illegitimate selection of seven members of the IU National Steering Committee."

As a result of the accords achieved at the congress, which were the result of a careful political balancing act by the centrists, mainly the PCP, it rejected the PUM's demands that the country's general elections be moved up as a way of quickly getting rid of the current Aprista government and that an indefinite general strike be organized as a way of moving towards the revolutionary confrontation; however, the congress also saw to it that Socialist Convergence's proposal for national unity in dealing with the crisis was not even looked at.

Instead, the congress moved towards a series of somewhat ambiguous accords, open to interpretation, about turning IU into a revolutionary front of the masses and struggling for government and power through grassroots mobilizations and participation in the 1989 and 1990 elections. These accords will apparently enable IU to preserve unity, inasmuch as each party can interpret them as it sees fit. The conciliatory approach thus triumphed, and the clearest indication was that Jorge del Prado, the veteran PCP leader, was named first president (for 6 months) of the collective leadership that will run IU. It will consist of the seven secretaries general of the parties and eight other members elected by the congress, who according to Convergence were actually the consensus choices of the top echelons. The members are, besides Jorge del Prado: Manuel Dammert (PCR [Revolutionary Community Party]), Eduardo Caceres (PUM), Alfredo Filomeno (PSP [Socialist Party of Peru]), Jorge Hurtado (UNIR [National Union of the Revolutionary Left]), Gustavo Mohme (APS [Socialist Popular Action]), Genaro Ledesma (FOCEP [Student-Peasant-Worker Popular Front]) and Henry Pease (nonpartisan), as well as Rolando Ames, Santiago Pedraglio, Cesar Guzman, Cesar Barrera Bazan, Javier Diez Canseco and Guillermo Herrera Montesinos (one member remains to be chosen, and he will be appointed by the CDN).

Unless Convergence's decision not to recognize the eight members of the CDN who were supposed to be elected at the congress by the universal vote of the delegates precipitates a split beforehand, all indications are that the precarious balance resulting from the behind-the-scenes scheming and from a certain predominant mood will survive until IU has to choose its presidential ticket and, therefore, until it has to decide whether Alfonso Barrantes will be its presidential nominee.

Actually, the issue should already have been resolved, because no current figure in IU other than Barrantes can bring together forces and achieve a decisive electoral victory for the leftist coalition, not to mention govern with integrity and calm in a state of affairs as difficult as the present one. Nevertheless, a lack of understanding, sectarianism and, why not say it, even regrettable passions have been conspiring to block his nomination. All of this can be readily gathered from the statements by spokesmen of the PUM, UNIR and FOCEP, who are accusing Barrantes of reformism.

Meanwhile, IU is wasting time, invaluable time that it will hardly be able to make up, vis-a-vis its rightist adversaries. In this regard we will recall that in 1956 Fernando Belaunde, in spite of the favorable circumstances surrounding his candidacy, did not succeed in posting a victory because of the short time that his campaign lasted in comparison to Manuel Prado's. This waste of time will be very harmful to Barrantes himself if he is nominated and catastrophic if someone else is the IU candidate, because as we know, it is very difficult to create a charismatic figure and have the people take him to their hearts, as happens only from time to time.

* Belaunde Reportedly Seeking Reelection in 1990

33480221b Lima EQUIS X in Spanish
30 Jan 89 pp 14-15

[Text]

Belaunde, FREDEMO Candidate?

After returning from his swing through eastern Peru, former President Belaunde has not only stressed that the three groups that make up the Democratic Front [FREDEMO] are going to run their own candidates in the upcoming municipal elections, but he also admitted that his party, Popular Action (AP), wants him to be its presidential candidate in 1990.

Thus, whether he likes it or not, the AP leader has kept on adding fuel to the fire that could burn up FREDEMO's unity. Indeed, in speaking to the press, he contended that this year's municipal elections are sort of a preliminary to the main event, which will be held in 1990. And "you shouldn't enter a preliminary match as if it were the main event. If the parties that make up the front each fight separately in the preliminary, they will have an opportunity to better gauge their chances by

joining forces for the presidential election." He said that he had already put forth such a proposal in a meeting with Luis Bedoya Reyes and Mario Vargas Llosa.

Later, referring to the FREDEMO presidential candidate, Belaunde stated: "For reasons of age, I am the first to decline, but not my party, which is entitled not to give up the position that it has earned for the good of the country."

Apart from this, all indications would seem to be that the age excuse for not running a third time for president is a form of political flirtation and does not represent an insurmountable barrier if pressure from the party keeps increasing. Belaunde himself has said as much when in recent statements he commented that although the only irrefutable argument for declining to run is his current age of 86, this does not mean that he is now unable to play a game of rackets or swim 100 meters in the ocean. All the more reason, one could say, for his fellow party members to keep on insisting on nominating him. And he himself has stated that he does not find such insistence on nominating him once again unpleasant.

We must bear in mind, moreover, that a recent series of events suggests that Popular Action really could once again nominate the architect, whom the two other groups would have to support unless they wanted to shatter the front, with catastrophic consequences for all of them.

One of these events is Belaunde's trip to eastern Peru, where he visited Iquitos, Nauta, Requena and other towns to commemorate the 25th anniversary of the decree that he issued during his first government to promote the jungle region.

So then, his enthusiasm on the trip was striking, and he managed to bring out huge crowds in an area of the country that, by and large, has always been fond of him. It was also an event that gave commentators a great deal to think about, however. What we are referring to is that every time he mentioned the name of Mario Vargas Llosa as a candidate of the front, shouts of no arose from the crowd, which called for Belaunde himself, and no one else, to be the candidate.

This was not an isolated incident, moreover; it was repeated several times, so much so that it gave the impression of being a method. In other words, mentioning the writer as the presumed FREDEMO candidate was a sort of agreed upon signal designed to elicit a massive "rejection" of him and a huge clamor for the leader of AP, and no one else, to be the candidate.

Belaunde could then apologize to Vargas Llosa, telling him that he did everything he could to prevent such incidents, that he proclaimed his support for the novelist's candidacy but that he could not stop these spontaneous outbursts, because as he himself has said, this is "a very logical and sentimental desire" of the crowds that "does not conspire against the strength and unity of the front." In the face of such remarks, Vargas Llosa could only thank the architect for his "desire for unity," even though in his heart he would think that he had been stabbed in the back.

Such games will not, of course, please Bedoya at all; rather, they will be a bitter pill for him to swallow, because if the former president runs, it would mean that Bedoya has been wasting his time backing Vargas Llosa instead of trying to place himself in the limelight and win the presidential nomination, inasmuch as he obviously feels that the architect's time has passed and that he has more than satisfied his legitimate ambition to be president of Peru.

As for Vargas Llosa, he would come to understand that he has been used only as a decoy to lure new people to the right and as a screen to conceal the real intentions of the former president for a while. Truly, though, it would be too late, and he would be left merely to reflect bitterly on the old saying that "no one knows for whom he works."

* IU Leaders Reject Nomination of CDN Members

3348022Ic Lima EQUIS X in Spanish
30 Jan 89 pp 28-30

[Interview with Edmundo Murrugarra by unidentified reporter; date and place not given; first paragraph is introduction]

[Text] The first Congress of United Left (IU) was an important first step because a democratic spirit was shown and major decisions were made. The event was tarnished, however, by the "handpicking" of eight members of the National Steering Committee (CDN). What is worse, some of these leaders espouse principles that run counter to the democracy and harmony that most left-wing parties are seeking, contended Senator Edmundo Murrugarra, who belongs to Socialist Convergence (CS) and was a member of the Organizing Committee of the IU Congress. In this interview he gives us his assessment of the congress and of the situation in which IU finds itself.

[EQUIS X] What was the IU congress like? Did you achieve the results you expected to?

[Murrugarra] This has been an event at which the parties of the left have shown civic maturity, but I want to tell your country that Socialist Convergence does not recognize the eight leaders who were elected at the congress in violation of the rules. After the progressive forces were victorious at the congress in defeating those who advocated a vanguard-militarist movement, the event should have closed with another great victory by electing the leaders under the rules. But this was not the case. The Executive Committee drew up a list of eight names, brought the list to the congress and had it approved by acclamation.

[EQUIS X] In general, though, do you think the congress was a success?

[Murrugarra] Everything went fine until the end. Important position papers were approved, and it was huge success to have put before the country by a majority the proposal that we struggle for a constitutional, democratic transfer, thus defeating the coup plotters and terrorism, facing up to the right's attempts to destabilize and the government's offensive and guaranteeing the democratic and constitutional transfer of government. These proposals run counter to the militaristic vanguard, which advocates an indefinite general strike, pressing for the resignation of the president of the republic and moving up the elections. The IU congress felt that such proposals were playing into the hands of the coup plotters.

[EQUIS X] What were the accomplishments of the congress?

[Murrugarra] Unity was triumphant over sectarianism; factions were unified with a view towards forming a political force that can come to power, and steps were taken to endorse a revolutionary front of the masses that will move forward towards socialism in democracy.

[EQUIS X] What happened with the election of the IU National Steering Committee?

[Murrugarra] The rules of the congress indicate that 15 delegates were supposed to be elected, 7 representing the parties and 8 who were to be voted in by the congress and who must work alongside the secretaries general. What happened though? Eight delegates were elected in violation of the rules, and the leadership now has members whose proposals were defeated and who are not going to want to apply the political line that was victorious at the congress. This is particularly the case with the PUM [Mariateguist Unified Party] delegates who are now on the National Steering Committee, and the most incredible thing is that four of the delegates represent less than 10 percent of the representatives at the congress. And these delegates who were defeated will have to apply the political line of the victors. Meanwhile, the authentic delegates, the ones who are really representative, have been excluded by the electoral maneuver employed at the congress and have been displaced not by the vote of the delegates to the congress but by the decision of a handful of leaders.

[EQUIS X] What are you proposing in light of this situation?

[Murrugarra] We are asking that this mistake be corrected, because it was a dirty trick. During the last plenary session there were votes time and again on a position paper that was rejected time and again, and the 3,500 delegates spent all of Sunday night up to Monday noon on these votes. And then when dozens of delegates had left, eight delegates were "handpicked," most of whom have no representativeness.

[EQUIS X] To whom do you attribute these maneuvers?

[Murrugarra] We deplore the fact that comrades who have been with us in the struggle and who organized the IU congress tarnished the event at the last minute with such a move and tarnished a track record to the extreme of violating democracy, trampling on democracy. United Left is the number one force, not in numbers but because of its moral strength, its stand in favor of democratic change, democratic transformation. This should have been thoroughly brought out at the congress, but at the last minute the old patronage-seeking oligarchs decided on their own who the leaders should be and told the delegates to applaud.

[EQUIS X] Moving on to another matter, to what do you attribute the election of Jorge del Prado as president of IU?

[Murrugarra] It was a homage to his 60 years of revolutionary struggle, and I am certain that with his experience and competence he will be able to lead the left along the right path; we are convinced that he will unfurl the banners of the left and will be able to win out over the forces that are trying to stop the advance of the socialist and progressive parties.

[EQUIS X] Why did the rightist mass media scream bloody murder when Del Prado announced that the newspapers may be expropriated if the left comes to power?

[Murrugarra] The fact of the matter is that Del Prado's words were twisted and only part of what he said was published. What he said was that just as there are private mass media, there should also be newspapers that can be shifted to the labor sectors. Because just as the power groups have their spokesmen, the workers also need to have their own mass media.

[EQUIS X] How many working commissions were there at the congress?

[Murrugarra] Four working commissions were set up, and they had collective chairmanships. They were the "Political Thesis" Commission, chaired by Jorge Hurtado del Pozo from the UNIR [National Union of the Revolutionary Left] and Senator Rolando Ames; the "Political Action Plan" Commission, chaired by Jorge del Prado and Eduardo Caceres; the "Bylaws" Commission, chaired by Alfredo Filomeno and Senator Genaro Ledesma, and the "Program" Commission, whose honorary chairman was Javier Iguinez and whose chairmen were Deputy Manuel Dammert and Carlos Rodriguez. These commissions worked hard and issued resolutions that were brought before the plenary session of the congress.

[EQUIS X] What were the main resolutions of the congress?

[Murrugarra] They will be made public in due time. It has been made clear, however, that the national congresses of the IU will be held every 4 years, the national plenary sessions every year and that the national Steering

Committee, the secretaries and chairmen of the departmental, provincial and district committees and the district committees of Lima with more than 500 activists must attend. It was also resolved that the collective chairmen of the CDN cannot be reelected and that the CDN will be the highest standing leadership body of IU and that it must meet once a month, if necessary, when so summoned by the collective chair. It was also resolved to draft the Government Plan that will be made public during the election campaign, starting with the municipal and regional plans and then finally preparing the National Plan of IU.

[Box, p 29] 'I Will Not Leave IU'

Aside from the disagreements that can always arise, the First Congress of United Left was an illustration of the devotion to democracy of this coalition of left-wing parties, which were taking part in such an event for the first time. Contrary to the predictions of the doomsayers, it went off normally, except for a few pyrotechnics. The behavior of the delegates was, by and large, exemplary. The left thus demonstrated that it is maturing and that the groups that want an armed struggle, a coup or the breakdown of the democratic system are wrong and must think again, Senator Murrugarra told us.

Awarding the IU presidency to Jorge del Prado was also a wise move, he added, because he is a leader with a proven track record. What needs to be done now is to invigorate the rank and file, prepare the municipal and national government plans and overcome the problem that arose with the election of eight delegates in violation of the rules, argues Senator Edmundo Murrugarra. He says in conclusion that in spite of the disagreements, he will not leave United Left because the struggle is on the inside and the dirty linen "is washed at home."

Venezuela

Government Signs Letter of Intent With IMF

PA0103182089 Caracas Venezolana de Television Canal 8 in Spanish 1611 GMT 1 Mar 89

[Text] It has been reported from the Miraflores Presidential Palace that the Venezuelan Government signed a letter of intent with the IMF in Washington at noon on 28 February.

The signing of this document formally initiates the process whereby the IMF provides financial aid to assist Venezuela's economic program. Venezuela will receive the first IMF disbursement, totaling $453 million in April and $1.24 billion for the rest of the year. In addition, the IMF will provide Venezuela with $1.541 billion in 1990 and $1.549 billion in 1991.

By signing this document and utilizing the balance of the available IMF credit, Venezuela has begun to profit from its position as IMF founding member. The exercise of this right ensures substantial revenues for Venezuela to finance its economic plan. The implementation of this plan, which has been outlined according to the country's needs, seeks to meet these needs through steady economic growth with a low inflation rate.

Continued Reportage on Disturbances

Safe-Conduct Passes Issued

PA0103144189 Caracas Venezolana de Television Canal 8 in Spanish 1410 GMT 1 Mar 89

[Text] In view of the temporary suspension of constitutional guarantees through a presidential decree, it has been announced that safe-conduct passes will be issued to workers of state-run public institutions, media employees, medical and paramedical personnel who work at hospitals and clinics, and people whose need to travel can be justified, so they may freely travel during the curfew between 1800 today and 0600 tomorrow. Requests should be made at the Defense Ministry Directorate of Information and Public Relations, and must include name, identification card or passport number, occupation, place of employment, and vehicle information.

Rules for Safe-Conduct Use

PA0103213989 Caracas Radio Rumbos Network in Spanish 2100 GMT 1 Mar 89

[Report on communique issued by the Defense Ministry in Caracas on 1 March]

[Text] Defense Minister Italo Delvalle has issued a communique outlining the rules to be followed by people to whom safe-conducts have been issued, for the duration of the suspension of civil guarantees. The rules are as follows:

1. The top speed on highways will be 50 km an hour. We repeat: A top speed

of 50 km an hour must be maintained on highways.

2. Interior lights of vehicles must be turned on.

3. Refrain from carrying weapons. Remember: Do not carry weapons.

4. Drivers must stop and identify themselves at military checkpoints.

5. Identification cards and safe-conducts must be kept available.

6. In any emergency, drivers should go to the nearest military checkpoint.

In addition, citizens are reminded that safe-conducts will be granted to citizens who can present proof that they need one. Specifically, safe-conducts will be extended to persons employed by state public services and the media and to medical and paramedical personnel assigned to hospitals and clinics in Caracas.

We repeat that the following may request safe-conducts: officials employed by state public services and the media, and medical and paramedical personnel assigned to hospitals and clinics in Caracas. Organizations and companies interested in obtaining safe-conducts must supply the following information to the Defense Ministry: full names, identification card number or passport numbers in the case of foreigners, occupation, employing organization, and vehicle registration information.

'Calm' Largely Restored

PA0103152789 Paris AFP in Spanish 1351 GMT 1 Mar 89

[Text] Caracas, 1 Mar (AFP)—Calm returned Wednesday morning to Venezuela following 2 days of violence in which thousands of stores throughout the country were looted and dozens of people died, a situation that led the government of President Carlos Andres Perez to impose a curfew on Tuesday and to suspend fundamental liberties.

Two hours after the conclusion of the curfew period, there were very few people or vehicles on the streets of this capital, which is currently without public transportation vehicles. These vehicles were the targets of attacks on Monday and Tuesday.

Police patrols were keeping a discreet watch in certain points of Caracas and Army armored vehicles and soldiers were not visible.

Following a night that was generally quiet—although there was some sporadic shooting—the people are cautiously resuming their activities, but the few stores that were untouched by the violence remain closed. School activities have been suspended.

Some radio stations have reported that early this morning there were more attempts at looting in some Caracas neighborhoods. This capital, with its streets full of garbage and broken barricades, looks desolate.

The violence was unleashed on Monday as a result of the increase in staple prices and bus fares decreed by the government within the framework of economic measures recommended by the IMF.

In a speech to the nation on Tuesday evening, Perez expressed firmly that he will maintain his program. He said also that he is aware of the sacrifices that the people are being asked to make.

The president criticized the IMF but acknowledged that with a $31 billion foreign debt and with practically no foreign reserves, Venezuela had not alternative but to accept the IMF's conditions if it wants to receive new loans and reactivate its economy.

On Tuesday, the planning and finance ministers of Venezuela delivered to the IMF in Washington a letter of intentions that describes the measures the government plans to implement to reestablish equilibrium in the Venezuelan economy, an IMF condition Venezuela has to meet to secure credits that by April would amount to $453 million and reach a total of $4,773,000,000 at the end of 1991.

More on Resumed Rioting

PA0103161289 Madrid EFE in Spanish 1525 GMT 1 Mar 89

[Text] Caracas, 1 Mar (EFE)—At least 15 people were killed today in new disturbances in Caracas. This is the 3d consecutive day of disturbances in which police sources estimate that nearly 200 have been killed.

Police spokesmen told EFE that police are shooting at rioters in the poor neighborhoods of Petare and 23 January and those close to the central area of San Bernardino.

This morning, when it seemed that calm had returned to Caracas after the curfew and the suspension of constitutional guarantees were decreed by the government, groups—which the authorities described as "criminals"—resumed looting stores and committing acts of vandalism.

At least 10 people were killed today in the crowded Cementerio neighborhood and 5 were killed in the La Vega neighborhood, but police apparently have the situation under control.

In these and other areas of the city, where thousands of people live in extreme poverty and practically outside the law, snipers have taken up positions to fire on the police and the Army, which is patroling some urban areas with armored personnel carriers.

The street violence reached its peak on Tuesday during intense rioting, forcing President Carlos Andres Perez to speak to the nation, suspend constitutional civil rights, and order the Army to patrol the streets.

According to police sources, the situation greatly improved today, Wednesday, but distrubances continue in certain areas, which even military troops have difficulty controling.

Meanwhile, Caracas remains practically paralyzed due to the lack of public transportation and the closing of shops, banks, and most businesses.

The disturbances that have taken place in the capital and other large Venezuelan cities since Monday were caused by the hike in gasoline, transport, and food prices following a government economic austerity program.

Army Provides Bus Service

PA0103171189 Caracas Venezolana de Television Canal 8 in Spanish 1542 GMT 1 Mar 89

[Text] In a few hours, the Venezuelan Army will implement "Operation Spark" [Operacion Centella], in which Army personnel will provide mass transportation services in Army buses.

Therefore, this guarantees members of the community that they will be able to reach their destinations—be it their homes or workplaces—until normal service is fully restored.

Meanwhile, the Caracas Metro and the Metro Bus have been providing efficient service today on schedule. The Caracas Metro and the Metro Bus have been transporting thousands of commuters to their workplaces and other destinations, doing so with the speed that characterizes them. They began operating at 0800 today, but they will begin operating tomorrow, Wednesday, at 0700, as normal.

In fact, it is worth making a healthy recommendation: Take good care of the installations and vehicles of this transportation system, which is the pride of Caracas residents.

Appeals for Medical Equipment

PA0103170789 Caracas Radio Rumbos Network in Spanish 1616 GMT 1 Mar 89

[Excerpt] The Venezuelan Institute of Social Security [IVSS] has issued an official communique asking laboratories, companies, and individuals to provide equipment and material for minor surgery.

Freddy Freytes, the IVSS director of information and public relations, made the announcement.

[Begin Freytes recording] The IVSS is asking medical supply companies for gauze, x-ray development equipment, scapels, blood and transfusion equipment, first-aid equipment, minor surgical equipment, serum, sutures, lumbar puncture needles, and all types of surgical equipment to immediately contact the Purchasing and Supply Directorate. [passage omitted] [end recording]

Appeals for Blood Donations

PA0103172989 Caracas Radio Rumbos Network in Spanish 1702 GMT 1 Mar 89

[Statement by Caracas Municipal Blood Bank Director Rafael Gomez; date and place not given—recorded]

[Text] We hereby urge the people to go to the bloodmobile at the Metro exit in Venezuela Square, across from Sabana Grande Boulevard. The purpose of this appeal is to acquire the blood that is needed at Caracas hospitals. Thank you.

Further Reports on Rioting

PA0103180389 Caracas Radio Rumbos Network in Spanish 1653 GMT 1 Mar 89

[Report by Alexis Rosas]

[Text] Unofficial reports indicate that although the situation in Caracas has improved over the past 2 days, there is still some unrest in the 23 January neighborhood, Sucre Avenue, Petare, and [word indistinct].

The government's suspension of constitutional guarantees has created a certain degree of calm, but the most serious problem confronting residents of Caracas is the lack of supplies. In areas where stores were not affected by the protests that began on Monday, citizens have formed long lines to purchase certain items, especially canned goods, in case of a resurgence of violence, although the situation is expected to improve over the next few days.

It has also been reported that individuals requiring safe-conduct passes must fill out a form at the Defense Ministry. The safe-conduct passes will allow them to travel after 1800 for work or professional activities and for medical emergencies. This form must be filled out or the safe-conduct pass will not be issued.

The police are investigating vandalism committed by unscrupulous individuals and even by entire families who sacked stores and took supplies. Such avaricious actions clearly indicate that the sackings were not perpetrated out of need but by rowdyism.

On San Martin Avenue, for example, near the Palo Grande church, I was told that a family sacked a warehouse and took the supplies to their apartment. The Judicial Technical Police searched the apartment, seized the merchandise, and arrested the family for having taken goods that other people could use. In La Candelaria neighborhood, the police imposed a virtual curfew on three buildings, preventing residents from leaving their apartments because some residents of the buildings had committed crimes. A motel was searched because television sets, Betamaxes, and other electrical equipment were found on its premises, another unofficial report indicates. This proves that in addition to the collective protest, there were individuals who committed vandalism for their own benefit and to sell the products, actions typical of the common criminal.

In the downtown area, the situation is normal and all the metro stations have been operating since 1100. There are centers of violence in the 23 January neighborhood, and two deaths have been reported. The same has been said of the Petare area. Absenteeism, meanwhile, is high, which is understandable given the situation during the past few days. Only two or three judges reported to work, but due to the suspension of constitutional guarantees, [words indistinct] the courts can make decisions, which is one of the leading concerns.

Official reports indicate 70 bodies have been taken to the morgue. This figure, however, could rise.

I repeat, Caracas is calm with the exception of a few areas of violence.

Debate Begins on Violence

PA0103180789 Caracas Radio Rumbos Network in Spanish 1653 GMT 1 Mar 89

[Report by Ernesto Vega from Mobile Unit No 2]

[Text] A few minutes ago, the Chamber of Deputies began a debate on the recent violent incidents in Caracas and other cities in the country that has resulted in loss of

lives and billions of bolivares in property damage. The debate will also focus on the president's decision to suspend constitutional guarantees.

The first speaker was Dr Abdon Vivas Teran of the Social Christian Party [COPEI].

[Begin Vivas Teran recording] It must be clearly understood that the entire country, as well as the COPEI, most emphatically reject the sacking and looting that has occurred in the past few hours. This is not the direction in which the nation's popular and political organizations need to head to regain the rights that have been trampled upon, the dreams that have been destroyed, or the hopes that have been betrayed. There are other, more effective tools for obtaining these things: protests that are civic, organized, peaceful, and militant by the Venezuelan political parties, which must propose from this moment on to regain the reins of the popular [word indistinct] in Venezuela.

To counter indiscriminate looting and sacking, to handle the spontaneity of yesterday's demonstrations, the masses need a clear leadership, a leadership that will oppose the package of economic measures implemented by the administration of President Carlos Andres Perez.

I feel that the political parties represented here, including the ruling party—even though, except for the suspension of guarantees, the government was conspicuously absent yesterday—must regain the ability to channel the energy of a people who want justice, freedom, and dignity, and who continue to believe in democracy as the best way of organizing the government and the community.

This was indeed a spontaneous movement, but it was also a different movement, from what little we remember of the [word indistinct] incidents that occurred, particularly in the 1970's and the popular takeover of the old (Plomera) houses, which included the burning of trash on the streets of Caracas in 1933. [end recording]

You have just heard part of the speech by deputy Abdon Vivas Teran, who has proposed a debate in the Chamber of Deputies to discuss the most recent incidents of violence throughout the entire country.

Colombian Border Closed

PA0103183989 Bogota Inravision Television Cadena 1 in Spanish 1732 GMT 1 Mar 89

[Report by Elizabeth Meek]

[Excerpts] [Announcer] Latest reports indicate that soldiers and policemen have been killed or wounded in clashes with civilians in Caracas. Over 1,500 people are standing in line at the city's largest supermarkets to stock up on food supplies. The curfew imposed yesterday by President Carlos Andres Perez' administration will continue this afternoon at 1700 [time as heard]. The state of siege also continues, and the border with our country, Colombia, will be closed off this afternoon as of 1700.

The situation continues to be tense in Caracas, where sharpshooters were firing this morning near the Miraflores Presidential Palace. The violent disturbances began as a result of President Carlos Andres Perez' economic measures. The disturbances, which continued this morning, have resulted in almost 200 dead, over 1,000 wounded, and almost 2,000 arrested. As we said before, the government's security measures continue to be in effect.

[Begin Meek recording] In spite of the curfew and state of siege, disturbances and protests continued today in several regions of Venezuela as a reaction to the new government's economic measures. Authorities have managed to control public disturbances.

Only a month since President Carlos Andres Perez gained power, Caracas and Venezuela's principal cities have become the scene of the most violent disturbances in the last 30 years. Business activities have been halted. The country's principal cities have been permanently militarized to try to control the demonstrators. The state of siege decreed by the government will be in effect from 1800 to 0600.

President Carlos Andres Perez announced the suspension of the right to free movement, press censorship, the right to search homes without a warrant, and the nonpayment of the foreign debt. [passage omitted]

The Colombian - Venezuelan border will be closed for 12 hours a day. Air and land traffic have been suspended. "Operation Spark" is under way to guarantee public transportation; soldiers will serve as bus drivers. Stores have closed their doors, helping their customers by opening small windows, to prevent further sacking. The sale of liquor in private and public establishments has been forbidden. The exodus of Colombian businessmen began today; several families will arrive soon in Barranquilla. [end recording]